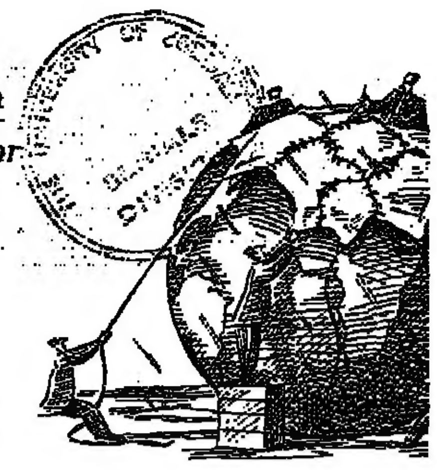


Newspaper of the Year

FINANCIAL TIMES

Weekend July 4/July 5 1992 | EUROPE'S BUSINESS NEWSPAPER | D 8523A

Mandela turns down offer of emergency talks

African National Congress leader Nelson Mandela yesterday rejected President F.W. de Klerk's offer of emergency talks, saying the South African *government must meet ANC demands on violence.* Speaking in Nigeria, Mr Mandela insisted: "We will only go to an emergency summit meeting if he complies with the demands we have presented." Page 22

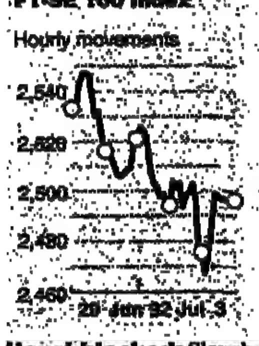
Norway frees spy: Norway is releasing former diplomat Arne Treholt, jailed for 20 years in 1985 for handing Nato secrets to the Soviet Union. He has been freed because his health is failing.

French roads clogged: Angry lorry drivers kept up their five-day grip on French roads, despite government efforts to end the dispute over driving licences. Although some northern roadblocks were cleared, new ones were set up in the south. Page 22; Head-on collision, Page 7

Hafnia, the big Danish insurer, said it had asked Copenhagen Bourse for permission to launch its postponed DKr 2bn rights issue and to lift from Monday the suspension on trading its shares.

Continental AGM: Relations between big European tyre groups Pirelli and Continental hit new depths when Pirelli was out-manoeuvred in its attempt to remove shareholder voting restrictions at Continental. Page 10

FT-SE 100 Index
Hourly movements



London share prices
A flicker of hope about a possible UK interest rate cut was enough to fuel a technical rally in London share prices. The FT-SE Index rose briefly above the 2,500 mark and ended only slightly lower than its best at 2,497.1, *a gain of 21 points* on the day. Page 13; Lex, Page 22; Markets, Weekend FT Page II

Havel blocked: Slovak parliamentarians rejected Vaclav Havel's bid for a third term as Czechoslovak president, denying him big enough majorities in two ballots. Page 2

Braniff calls it quits: *The small US airline* which filed for protection from creditors last year *has* stopped *operations.* Page 10

Bid for Channel 5: Britain's Thames Television is heading a consortium which will bid on Tuesday for the Channel 5 TV franchise. The bid is likely to be for the minimum £1,000 ($1,900) a year. Page 3

Minister quits: Lithuania's finance minister, Elvyra Kuneviciene, resigned complaining of lack of co-operation from parliament in tackling the country's economic crisis.

Nike feels the pinch: US sports shoe giant Nike faces a painful Barcelona Olympics after Spain's highest court ruled that it cannot advertise its products in Spain and that its sponsored Olympic athletes may not wear its logo. Page 22

Top people's pay: The head of the Civil Service, the chief of Britain's defence staff and senior circuit judges have seen their pay rise by 338 per cent since 1979 compared with a 318 per cent increase in average earnings, according to new Treasury figures. Page 4

Iraqi blast report: An Iraqi opposition group claimed that 400 people had been killed or injured by a big explosion at police headquarters in the *northern city of Kirkuk.* There was no independent confirmation.

Hopes for Ulster: Northern Ireland secretary Sir Patrick Mayhew said he would like to devolve wide powers to a new Northern Ireland administration. Page 22

Threatened men leave hide-out: David Madigan and Liam Kearns, both faced with IRA death threats, emerged in Belfast, Northern Ireland, after a year of living in secret hideouts.

GEC AT THE CROSSROADS

This week General Electric produced higher profits and a rising *dividend in the depths of* recession. But where does the company go next? And who will succeed Lord Weinstock at the helm? Charles Leadbeater begins a five-part series on Monday.

■ STOCK MARKET INDICES		
FT-SE 100	2,497.1	(+21.0)
Yield	4.88	
FT-SE Eurotrack 100	1,142.19	(+7.56)
FT-A All-Share	1,204.25	(+0.7%)
Nikkei	16,717.78	(−39.85)
■ LONDON MONEY		
3-mo Interbank	$9\frac{7}{8}$%	($9\frac{15}{16}$%)
Life long gilt future:	Sep $99\frac{17}{32}$	(Sep $99\frac{1}{2}$)
■ NORTH SEA OIL (Argus)		
Brent 15-day (Aug)	$20.8	(20.725)

■ GOLD		
London	$348.8	(348.25)
■ STERLING		
London:		
$	1.909	(1.9175)
DM	2.895	(2.9025)
FFr	9.75	(9.77)
SFr	2.59	(2.605)
Y	238.0	(239.0)
£ Index	93.0	(93.3)
Tokyo $ close Y 124.25		

The New York markets were closed yesterday

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Cabinet split looms over increased cost of project if Germany pulls out

Britain to review role in EFA

By Ralph Atkins and Daniel Green in London

THE British government is to review the future of the European Fighter Aircraft project in the wake of Germany's refusal to give the go-ahead for the aircraft's production.

The decision to re-examine Britain's role in the $38bn project is likely to split the cabinet and reflects fears that a German withdrawal would increase the costs for the other participants.

UK Treasury ministers are putting pressure on the Ministry of Defence to reappraise its needs in the light of the extra cost involved if Germany pulls out.

Any Cabinet decision will await clarification of Germany's intentions but the row is already reviving painful echoes of the 1986 cabinet crisis over the Westland helicopter company.

Then the conflict was also over an European versus US project, over Britain's strategic defence requirements, and over support for British industry. About 40,000 UK jobs would be at risk if EFA collapsed.

Mr Malcolm Rifkind, defence secretary, is fighting hard to save the project and would be backed by Mr Michael Heseltine, trade and industry secretary.

Mr Rifkind will meet Mr Volker Rühe, the German defence minister, on Monday and reinforce attempts by prime minister John Major to persuade Germany to re-consider. Meetings with the Spanish and Italian governments, also partners in the project, will follow. Britain argues that Germany's plans for a cheaper fighter are not feasible.

But Mr Norman Lamont, the chancellor of the exchequer, *wants the tightest grip possible* on public spending and would insist on a full review of the EFA project. Other cabinet ministers who fear a squeeze of their own departments' spending may be anxious for the defence budget to be cut instead.

Mr Heseltine denied a cabinet split. He said: "The cabinet will come to a decision on these matters in the light of the advice that we get. We haven't yet had the advice so it is not possible for us to be divided about it."

The MoD, which is working on revised cost estimates, concedes that with three partners instead of four, costs will escalate – *mostly because of the withdrawal* of German capital investment in production.

But it says the project should remain within the original budget, helped by savings from fewer production lines. Delays in developing EFA have already forced the MoD to postpone a decision on who should supply a new medium range surface to air missile (MSAM) system worth at least £500m.

The MoD said the postponement was the result of administrative problems with the EFA and difficulties with the aircraft's flight control systems. It underlines how much EFA has become *part of UK defence strategy:* its delay or cancellation would have a knock-on effect in other defence contracts.

Lex, Page 22

Heseltine plans new UK trade strategy

By Michael Cassell in London

MR Michael Heseltine, president of Britain's Board of Trade, yesterday set in motion plans intended to improve co-operation between government and industry and to provide him with a high-profile role in helping promote UK trade.

The proposals, which Mr Heseltine said would enable the Department of Trade and Industry to relate more closely to industry, entail no additional government funding and no increase in staffing.

They met with a qualified welcome from industrialists, who described them as an encouraging first step, but provoked outright condemnation from the Labour opposition, which said they were wholly inadequate.

Mr Heseltine's reshaping of the DTI includes the creation of an *industrial* competitiveness division which will study the performance of competitor countries. It will also aim to ensure the entire government policy-making machine considers the impact of its decisions on British competitiveness.

Mr Heseltine emphasised, however, that he was not interested in fulfilling a "shopping list" of specific demands – such as lower electricity prices or improved export credit terms – which industry claims it needs to improve competitiveness. "Sometimes I will be able to help, sometimes I will not", he added.

Other proposals include the formation of 15 sectoral divisions within the DTI to sponsor their industries and to establish what Mr Heseltine called "an informed dialogue and constructive partnership" with their respective industries.

Among the industries warranting special attention are chemicals and biotechnology, steel, textiles and retailing, electronics, mechanical engineering, vehicles, aerospace and telecommunications. Other sectoral departments will cover energy, research and development and information technology.

The DTI will also aim to improve the delivery of its advisory services to industry by opening the first of what could become a nationwide series of "one-stop" shops to help businesses.

Mr Heseltine is understood to be especially keen to see his department help in assembling trade deals, involving British companies and banks, with former eastern bloc countries.

Mr Howard Davies, director general of the Confederation of British Industry, said of the proposals: "So far so good. Getting the structure right is important. But industry is more interested in strategy and that must now be Mr Heseltine's priority".

Mr Gordon Brown, Labour's trade and industry spokesman, said the plans represented "little more than a reshuffling of desks".

Cockpit view: An RAF Hercules, carrying the first British supplies in the international relief effort for Sarajevo, is guided to a parking place at the besieged city's airport yesterday by a UN soldier. Carrington reports no progress in peace efforts, Page 2

UK shares rise on hopes of rate cut

By Peter Marsh, Economics Staff, in London

SHARE prices in London rose yesterday on speculation that Britain might cut interest rates next week around the time of the world economic summit.

While the market rumours led to renewed buying interest in equities, they led some investors to switch funds out of sterling, the weakest member of the European exchange rate mechanism.

The FT-SE 100 index recovered some of its losses of earlier in the week, closing up 21.0 at 2,497.1. But the pound fell back three-quarters of a pfennig against the D-Mark to finish at DM2.895, down $1\frac{3}{4}$ pfennigs on the week.

Given the pound's weakness, an early move by Britain on base rates, held at 10 per cent since May 5, is considered unlikely. Government officials, in a briefing ahead of next week's summit of the Group of Seven leading industrial nations in Munich, said they did not expect any immediate commitments at the meeting to reduce interest rates.

A technical manoeuvre in the money markets by the Bank of England – which shaved by $\frac{1}{16}$ of a percentage point its rates on long-maturing bills – was responsible for the expectations about a cut in base rates.

Any such move would follow Thursday's cut in US interest rates, and might stimulate Britain's flagging economy. It would win the support of many industrialists and politicians and fit in with the US's desire to see the G7 adopt general policies to boost growth.

But a decision by Mr Norman Lamont, chancellor of the exchequer, to reduce borrowing costs would risk sterling falling close to the bottom of its ERM band. The manoeuvre might be deemed especially hazardous, given that UK base rates are just ¼ point *above the equivalent short-term* rates in Germany.

With many traders less than confident that he was about to take the plunge, the three-month interbank rate – which reflects sentiment about the future level of base rates – fell by only $\frac{1}{16}$ of a point to $9\frac{15}{16}$ per cent.

Currencies, Page 11
London stocks, Page 13
Lex, Page 22

Forte fails to sell catering for $1bn

By Michael Skapinker in London

FORTE, the British hotels and restaurants group, last night called off the proposed sale of its Gardner Merchant contract catering subsidiary after the potential buyers, Compass Group of the UK and ARA Services of the US, refused to pay the asking price of more than £550m ($1.05bn).

The proposed deal, which was first announced at the end of May, would have made Compass *the biggest supplier of staff canteen* meals in the UK. Compass was to have paid £450m for the Forte business, with the remainder coming from ARA.

The companies reduced their offer, however, after questions arose as to whether Gardner Merchant clients might use the change of ownership to renegotiate their contracts.

Mr Rocco Forte, Forte's chief executive, said the approach and the original price had come from the potential buyers. He said: "It's rather irritating. People come along with a certain price and then drop that price." He said he still wanted to sell Gardner Merchant and concentrate on the expansion of the group's hotel and restaurant businesses. But he said: "It's a premium business and deserves a premium price." There had been interest from other potential purchasers in the UK and elsewhere, he said.

A sale to one of these would have the advantage of not splitting the business. The split between Compass and ARA had been designed to avoid UK monopoly problems.

Mr Forte said the proposed breaking up of the business had caused some unhappiness among Gardner Merchant staff and management. Forte has suspended Mr Bob Cotton, Gardner Merchant's research director, for writing to a trade publication criticising the proposed sale.

It is understood that in the course of negotiations Compass and ARA reduced their offer to £520m. Although UBS Phillips & Drew, Forte's advisers, said that the hotels group could accept such a price without embarrassment, there were too many conditions attached to the offer.

These are understood to have included a further renegotiation if Gardner Merchant contracts were lost. The two companies are then thought to have increased their offer to £530m but this too was rejected by Forte. Compass and ARA expressed disappointment and said the price they had offered had been fair.

Lex, Page 22

CONTENTS

Austria Sch30; Bahrain Din1.000; Bermuda $1.65; Belgium BFr60; China FEC 12; Canada C$1.40; Cyprus C£1.00; Czechoslovakia Kcs35; Denmark DKr14.00; Egypt E£4.00; Finland Fmk10; France FFr8.50; Germany DM3.30; Greece Dr250; Hong Kong HK$16; Hungary Ft162; Iceland IKR190; India Rup20; Indonesia Rp3,800; Israel NS5.50; Italy L2500; Japan Y800; Jordan JD1.20; Korea Won 2500; Kuwait Fils.600; Lebanon US$1.25; Luxembourg LFr60; Malaysia Rin4 50; Malta Lm0.50; Morocco Dh11.00; Nigeria Naira20 00; Netherlands Fl3 50; Norway Nkr15.00; Oman OR1.20; Pakistan Rs35; Philippines Pso 45; Poland Zl 16000; Portugal Esc190; Qatar QR10.00; S.Arabia Rls9.00; Singapore S$4 10; Spain Pta200; Sri Lanka Rup30; Sweden SKr14 00; Switzerland SFr3.00; Taiwan NT$85; Thailand Bht50; Tunisia Din1.000; *Turkey L6000; UAE Dh8.00; USA $1.25. (Alaska & Hawaii $1.75)*

United Nations launches relief operation to feed starving Sarajevo

Carrington: no progress in stopping Bosnian war

By Laura Silber in Belgrade

LORD Carrington, chairman of the European Community's peace conference on Yugoslavia, said in Sarajevo yesterday that he had made no headway in stopping the war in Bosnia-Hercegovina.

His remarks coincided with the launch by the United Nations of a massive humanitarian relief operation aimed at feeding the 300,000 starving inhabitants of the Bosnian capital. Serb irregulars and Serbia's proxy Bosnian army have besieged the city for 89 days.

Speaking after holding talks with Moslem, Serb and Croat representatives, Lord Carrington said: "I do not think we have made any progress at all today."

Mr Mirsad Becirovic, an editor of Sarajevo Radio, said Bosnian President Alija Izetbegovic had refused to negotiate the territorial division of Bosnia along ethnic lines, a plan backed by the EC and by Mr Radovan Karadzic, head of Bosnia's Serbs.

"If the UN has recognised Bosnia as an independent and integral state, there cannot be ethnic regionalisation," said Mr Becirovic.

"If Carrington still wants to meet Karadzic than he must understand what [Mr Karadzic's] Serbian democratic party has done to Bosnia. Europe has not seen such crimes since the Nazis in the second world war."

The Bosnian government has insisted on foreign military intervention as the only way to stop the war.

Mr Izetbegovic has refused to hold face-to-face talks with Mr Karadzic, saying the SDS is a terrorist organisation responsible for the bombardment of Sarajevo and the ethnic cleansing of eastern Bosnia.

Serb forces currently control more than half of Bosnia, in an effort to link territories with neighbouring Serbia. Witnesses have reported the summary execution and mass deportation of Moslems to rid the region of non-Serbs.

Under intense international pressure and faced with a string of defeats by Croat forces in western Bosnia, Serbs forces on Monday handed over the airport to UN peacekeepers. Over 100 tonnes of aid has now been airlifted to the city.

As local charities started distributing the food aid, inhabitants said it was just a "drop in the ocean" towards rebuilding their lives.

Mrs Vinka Kaselj was one of the lucky ones. She received a few kilos of flour, rice and powdered milk. Her eight-year old nephew got two boxes of biscuits. But, in tears, Mrs Kaselj, aged 56, said: "I lost everything. We are three families – mixed Serbs and Croats – living under one roof. Where will we go from here?"

Humanitarian officials in Sarajevo say some 200 tonnes of food is needed to feed the 300,000 people trapped in the Bosnian capital.

Mr Pero Butigan, secretary of the Bosnian Red Cross, said 22 tonnes of oil, flour, tinned food and juices, part of the French relief effort, were now warehoused in the city awaiting distribution.

"The problems are enormous. Sarajevo has been cut off for three months and people were either on the verge of hunger or already hungry. When the roadblocks are lifted the situation will really begin to turn around," he explained.

"Meanwhile people are being killed, and expelled from cities in the eastern Bosnia – Foca, Gorazde and Bjeljina – they are completely cut off from the outside world even from international humanitarian organisations," he said.

Relief workers yesterday greeted the trickle of aid with mixed emotions. "The reopening of the airport is only one step. But it will not end the war and horror," said an official of one of the Moslem, Serb and Croat charities representing Bosnian's three main national groups.

'Serbian ethnic cleansing goes on'

By Judy Dempsey

THE Serbian authorities under President Slobodan Milosevic have not abandoned their policy of ethnic cleansing in Croatia or Bosnia-Hercegovina, and Belgrade continues to militarily support Serbia's proxy army in Bosnia, a report issued by the International Society for Human Rights yesterday concluded.

In a grim account of cases occurring in the last five weeks, the ISHR shows how the Serb irregulars under Mr Radovan Karadzic and General Ratko Mladic have done nothing to stop killings, torture and forced migration of Bosnia's Moslems, Croats, and those Serbs who refuse to collaborate with the irregulars.

Ethnic cleansing "almost invariably entails expelling people from their homes, either by rounding them up and forcing them to leave, or by driving them away with a campaign of terror," the report says.

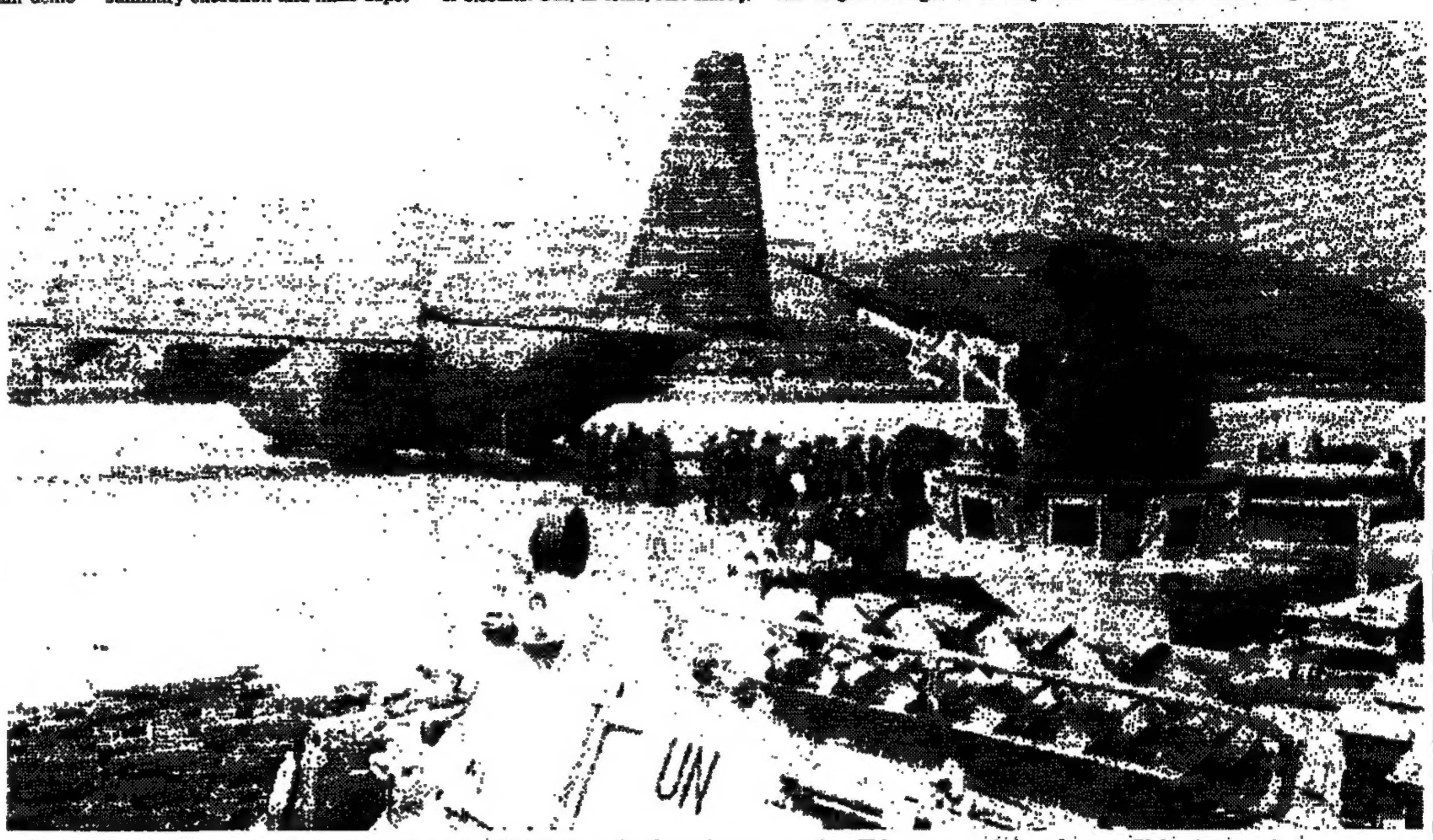
It cites, among many accounts, how on June 12, 22 Moslem men, women and children were rounded up and killed by a Serbian militia group in the central Bosnian town of Visegrad.

It describes how Serb irregulars have pulled civilians from their homes in the Sarajevo suburb of Dobrinja. Some have been killed, some have disappeared, others have been used as hostages in exchange for Serb snipers captured by Bosnia's defence units.

The ISHR, in common with other human rights organisations and international aid agencies, often has to rely on secondary sources because the Serb irregulars – and in some cases the Croatian authorities – have prevented agencies from travelling unhindered throughout Bosnia.

However, UN peacekeeping forces in Croatia and western journalists have seen cases of ethnic cleansing by both Serb and Croat forces in Croatia.

Contrary to official statements that the Milosevic regime has distanced itself from the war in Bosnia, the ISHR says Serbia still supplies weapons to the irregulars in Bosnia.



United Nations troops give protection to an American relief flight at Sarajevo airport yesterday. This was one of several mercy flights into the besieged Bosnian capital since the UN took control of the airport from Serb soldiers

Slovaks block Havel's re-election

By Ariane Genillard in Prague

CZECHOSLOVAKIA'S President Vaclav Havel failed yesterday to win re-election to the federal presidency, as Slovak parliamentarians blocked his candidacy in the federal assembly.

The popular playwright-turned-president, whose election to the federal presidency after the 1989 revolution moved enthusiastic crowds to tears, was quietly eclipsed by a handful of Slovak members of parliament who failed to give him the required majority of votes in the Slovak side of the federal assembly.

According to an amendment to the 1968 constitution, a presidential candidate must receive a majority of votes in both the lower chamber of the federal assembly and in the upper chamber, where Czech and Slovak parliamentarians vote separately and have equal weight.

This constitutional set-up, which Mr Havel once described as "a Swiss cheese full of holes", gave a virtual power of veto to the members of the Movement for a Democratic Slovakia (HZDS), the nationalist group led by Mr Vladimir Meciar which won 37.2 per cent of the vote in Slovakia in last June's elections.

Mr Meciar had pledged to block the re-election of Mr Havel because the later called on voters not to support candidates with "dictatorial tendencies" – a thinly veiled reference to the Slovak politician.

Mr Havel will stay in office until October 5 unless another presidential candidate is elected by then. A second round of voting is planned for July 16 and potential alternative candidates have until then to come forward. In theory, Mr Havel could run again in subsequent rounds if no other candidate has yet been elected.

Members of the Civic Democratic party (ODS), the Czech party led by Mr Vaclav Klaus, the Czech premier, will equally be able to block another candidate, however. Mr Klaus has repeatedly said that he will not support another candidate for the federal presidency.

Failure to elect a president will plunge the fragile Czechoslovak federation deeper into a post-electoral crisis which threatens to pull the Czech and Slovak republics apart. According to a recent agreement between ODS and HZDS, the Czech and Slovak parliaments have until September 30 to decide on the future of the federation.

The political life of Mr Havel, who enjoys the loyal support of most Czechs, may not be completely over. The new Czech parliament, meeting for the first time last week, promptly said it would prepare a Czech constitution providing for a president. Mr Havel, refusing to allow for a quick burial of the 74-year-old federation, has refused to comment on the possibility that he may eventually become president of an independent Czech republic.

Romanians taking up privatisation certificates

By Virginia Marsh in Bucharest

ROMANIA'S National Privatisation Agency (NPA) distributed nearly 4.3m ownership certificates in June when the public began to register for their 30 per cent share of state equity, figures published yesterday indicate.

The agency estimates 26 per cent of those eligible have already received the certificates, issued to Romanian adults on payment of a registration fee of 100 lei (17p).

Mr Mircea Vlerosanu, NPA director-general, said public demand for the certificates – the nearest thing to shares in Romania, which has no stock exchange – had exceeded expectation and proved privatisation in Romania was accelerating.

However, he was surprised so many Romanians had already sold their certificates, and for such widely differing prices. In the Transylvanian town of Timisoara, a book of five vouchers was selling for up to 100,000 lei (£170) while in the northern region of Moldova, the same book might fetch only 4,000 lei.

He said a brokerage service would be set up at the Romanian Development Bank in the next 10 days in an attempt to unify prices. The NPA would also distribute 10m more leaflets urging the public to wait until the true value of the certificates is established.

Hong Kong banks cut interest rates

By Simon Holberton in Hong Kong

HONG KONG'S bankers' association yesterday cut prime lending rates by 0.5 percentage points to 6.5 per cent following a signal from the colony's Exchange Fund that borrowing should be made cheaper.

The Exchange Fund signalled the cut by lowering its discount rate by 0.5 percentage points earlier in the morning.

The move followed an easing in US monetary policy this week. The Hong Kong dollar is fixed against the US currency and interest rate movements in the colony track those in the US.

The interest rate cut is likely to fuel asset price inflation in Hong Kong. With inflation at 8.8 per cent in the 12 months to May and deposit rates now at 3.75 per cent for 12 months, the local interest rate structure disadvantages savers.

The link to the US dollar has been criticised by some economists as inappropriate to Hong Kong's conditions. Monetary policy in the US is aimed at stimulating a slow growth, low inflation economy – the opposite of economic conditions in the colony.

However, the government is unlikely to change the rate at which the local currency is pegged against the US dollar because it believes the peg confers financial stability and certainty.

Equally important, the pricing of contracts for the colony's multi-billion dollar airport development are implicitly based on the maintenance of the peg.

Argentina begins foreign debt talks

By Stephen Fidler, Latin America Editor

THE Argentine government has begun exploratory talks in an attempt to seek a "definitive" solution over its debts to foreign creditor governments, a senior Economy Ministry official said yesterday.

Mr Horacio Liendo, undersecretary for finance, said talks were starting with officials of creditor governments on a variety of Argentine proposals regarding its official debt. Argentina was not seeking debt forgiveness, but he said a rescheduling of the entire debt to the Paris Club of creditor governments would be a "good idea". The Paris Club usually reschedules debts falling due over a fairly narrow period.

Official bilateral debt accounts for about $7bn (£3.6bn) of an overall debt burden officials put at $75bn.

The government last week finalised details of a debt reduction accord with leading commercial banks, and Argentine officials met banks in London yesterday to explain the plan to restructure $23bn of medium-term debt and $8bn of interest arrears. It is seeking to close the deal this year.

The government hopes the bank deal will fix the bank debt servicing bill at $1.2bn to $1.4bn a year, out of an annual debt servicing bill of just over $3bn. It calculates that $3.5bn to $3.8bn of funds will be needed to guarantee the concessionary bonds issued under the accord.

Duran leads in Quito poll

By Sarita Kendall in Quito

ECUADOR holds the second round of its presidential elections tomorrow with opinion polls suggesting a former cabinet minister, Mr Sixto Duran, is the leading contender.

The polls put Mr Duran, who led in the first round of the election in May, ahead by at least 10 percentage points over Mr Jaime Nebot of the Social Christian Party.

Both candidates are right-wingers and would move to a more market-oriented economy, following much of the rest of Latin America, and further away from the present government's democratic socialism.

The differences between the two candidates lie largely in personality, style and regional origin.

Recession threatens top Paris fashion houses

By Alice Rawsthorn in Paris

THE LATEST round of men's fashion collections kicked off in Paris yesterday against the gloomy backdrop of the fragile world economy and the news that the sales of the top Paris fashion designers fell last year for the first time in more than a decade.

The latest figures from the Chambre Syndicale de la Couture, which represents the designers, show a decline in sales of 11 per cent to FFr3.24bn (£330m) last year from FFr3.65bn in 1990. This fall follows a decade of uninterrupted growth for the Paris designers who, despite the rise of other fashion centres such as Milan and New York, still dominate the international fashion scene.

However, the Paris designers have been hit, like other areas of the luxury goods industry, by the US recession and Europe's economic slowdown. The US economy is now recovering, but the fashion houses are being further threatened by financial worries in Japan, another big market.

This weekend's collections are an important test of market conditions. The shows started yesterday morning when Dirk Bikkembergs, a young Belgian designer, unveiled his collection for spring next year at an art gallery in the Bastille area.

True to the tradition of designer fashion, the show began nearly an hour late with empty seats as many buyers had not yet arrived from Milan, where Giorgio Armani held his show on Thursday.

The mood of the men's collections is restrained. Thierry Mugler has stopped holding shows and displays his men's collection in his showroom. Comme des Garçons does not use professional models. Its show, yesterday, featured amateurs such as actor John Hurt.

Despite the downturn the fashion houses are still expanding their menswear ranges. Yohji Yamamoto is launching its Ys line, a cheaper range already available in Japan, in Europe this autumn. Céline is introducing its first male line this weekend, as is Léonard.

Anti-whaling nations claim IWC victory

By James Buxton in Glasgow

ANTI-WHALING nations and conservation groups last night claimed success in preventing moves among members of the International Whaling Commission (IWC) to secure approval for resumption of commercial whaling, which has been subject to a world-wide moratorium since 1985.

At the closing session of the week-long annual meeting in Glasgow of the IWC, the 39-member international body which has regulated whaling since 1946, a scientific model for calculating limits to future whale catches was approved.

This would form part of a new system for managing and monitoring resumed commercial whaling which has been developed over the past seven years and is called the revised management procedure (RMP).

However, attempts by the whaling members of the IWC, Japan and Norway, to secure the actual implementation of this calculation method as a preliminary stage to introducing the RMP were defeated by 16 to five, with seven abstentions.

The resolution adopting the new model, or algorithm, was approved by 16 of the 28 members attending the meeting, with one voting against. However, 11 countries, including the UK, abstained on the grounds that further studies needed to be made before the calculation formula was adopted.

The meeting, in a Glasgow hotel, whose entrance was permanently picketed, ended in disarray with both Norway and Japan expressing their dissatisfaction with the delays in progress towards implementing the RMP.

Mr Jan Arvesen, the Norwegian commissioner, concluded his closing speech saying: "Should Norway continue to be a contracting member of the International Convention on Whaling?" He did not answer the question.

Mr Kazio Schima, the Japanese commissioner, warned that it would be increasingly difficult to secure political support in Japan for continued adherence to the moratorium on whaling.

Although the anti-whaling countries, among which the UK is prominent, pointed to success in blocking the resumption of commercial whaling under the auspices of the IWC, whales are less safe from whaling than they were a week ago and the future of the IWC is somewhat less certain.

Mrs Gro Harlem Brundtland, Norway's prime minister, announced on Monday in Oslo that it would resume commercial whaling next year, a move which it had hoped would encourage the IWC to implement the RMP. Both Japan and Norway will, in the meantime, continue limited whaling for scientific purposes, despite being requested at the IWC meeting to reconsider this policy.

Gro Harlem Brundtland: Norway resuming whaling

Pro-whaling organisations, from Norway, Iceland and Japan, indicated they believed the battle to resume whaling is gradually being won.

They point to the fact that Iceland this year fulfilled its threat to leave the IWC, although it has yet to decide whether to resume whaling.

They also argue that Norway's decision to resume whaling has drawn attention to the belief of the IWC that there are 114,000 minke whales (the smallest of the great whales) in the north Atlantic and 760,000 in the Antarctic Sea. "Conservationists can no longer use the phrase 'the last whale'," said an Icelandic spokesman at the IWC meeting.

The fact that Japan is to host next year's meeting of the IWC does not necessarily secure the organisation's future as the regulator of whaling, some observers believe.

Iceland announced its decision to leave the IWC after a meeting of the Commission in Reykjavik, where local opinion saw the actions of opponents of whaling.

They believe Japan could do the same if it failed to make more progress next year.

Japan and Norway could form a separate body of anti-whaling countries, a move which IWC officials tacitly concede would seriously damage the IWC's credibility.

Indian bank chief replaced in scandal

By Shiraz Sidhva in Bombay

STANDARD Chartered Bank of the UK yesterday replaced Mr Parvesh Nat, chief executive of its Indian operation, as the first step in what are expected to be wider management changes at the offshoot following the bank's involvement in the Bombay stock market and securities scandal.

Mr Nat, who stepped down last week after the bank's Bombay office had been defrauded of Rs8.9bn (£164m), will be succeeded by Mr John Docherty, now chief executive of Standard Chartered Bank Kenya. At a press conference yesterday to announce the change Mr David Gardiner, the bank's acting chief executive for India, exonerated Mr Nat, whose wife, Mrs G.K. Nat, was charged last week in a special investigative court.

The charge related to her acceptance of a cheque for Rs1m from Mr Hiten Dalal, Standard Chartered's securities broker, who is one of those arrested in the scandal. The bank has accepted Mr Nat's explanation that the cheque "was in settlement of a genuine sale of securities", and regards the allegations as "without foundation". Mr Nat will continue in the employment of the bank although remaining on leave.

The bank hopes to complete its internal inquiry into the involvement of some of its employees next week, when more heads are expected to roll in connection with the country's largest financial scandal.

Indian government agencies are examining a connection between Mr R. Kannan, director of the investment banking division, and Fair Growth Financial Services, which became a part of the scandal when the Reserve Bank, India's central bank, prohibited three companies of the Fair Growth group from transacting any fresh business "in view of certain serious irregularities" observed in the company's operations.

Mr Kannan – previously with the state-owned Canara Bank, one of the institutions financially exposed in the scandal – joined Standard Chartered in early 1990, and was responsible for recruiting a number of officers from Canara, where he had worked under Mr B. Ratnakar as chairman. Mr Ratnakar founded the Fair Growth group of companies before he died last year.

Meanwhile, Mr V.P. Singh, former Indian prime minister and leader of the opposition National Front, signalled on a visit to Bombay that the opposition would ensure the financial scandal figures prominently when parliament reopens on July 8. Mr Singh accused the government of not doing enough to expose those involved, and demanded a joint parliamentary committee be set up to investigate the scandal. Only then, he said, would the inquiry be free of political interference.

Belgian army cut

BELGIUM, a Nato member, is to end military conscription by 1994, a move that will roughly halve the 86,000-strong armed forces and allow big savings now the Cold War threat has gone, Reuter reports from Brussels.

Mr Leo Delcroix, defence minister, said yesterday the changes would not mean Belgium would let its Nato partners down or renege on commitments, such as taking part in United Nations' missions.

The Financial Times (Europe) Ltd Published by The Financial Times (Europe) GmbH, Frankfurt Branch, Nibelungenplatz 3, 6000 Frankfurt-am-Main 1; Telephone 49 69 156850; Fax 49 69 5964481; Telex 416193. Represented by E. Hugo, Managing Director. Printer: DVM GmbH-Hürriyet International, 6078 Neu-Isenburg 4. Responsible editor: Richard Lambert, Financial Times, Number One Southwark Bridge, London SE1 9HL. The Financial Times Ltd, 1992.

Registered office: Number One, Southwark Bridge, London SE1 9HL. Company incorporated under the laws of England and Wales. Chairman: D.E.P. Palmer. Main shareholders: The Financial Times Limited, The Financial News Limited. Publishing director: J. Rolley, 168 Rue de Rivoli, 75044 Paris Cedex 01. Tel: (01) 4297 0621; Fax: (01) 4297 0629. Editor: Richard Lambert. Printer: SA Nord Eclair, 15/21 Rue de Caire, 59100 Roubaix Cedex 1. ISSN: ISSN 1148-2753. Commission Paritaire No 67808D.

Financial Times (Scandinavia) Vimmelskaftet 42A, DK-1161 Copenhagen-K, Denmark. Telephone (33) 13 44 41. Fax (33) 935335.

NEWS: INTERNATIONAL

Delors seething at 'power-mad' jibes

David Buchan meets a much-misunderstood Commission president

JACQUES Delors puts a brave public face on the burgeoning debate over the Maastricht treaty's future.

"What is good about the period of ratification is that the Community will be better built with the informed participation of Europe's citizens than on indifference," he said in an interview with the Financial Times. "To build it on indifference would be to base it on sand."

Privately, he is still seething about the role of power-grabber into which he feels some people have cast him. In particular, he contests claims that, before the Danish vote against Maastricht, he tried to use the admission of new members into the Community as a pretext to centralise more power in Brussels, and that he only became interested in "subsidiarity" after Denmark's vote.

He is still more thin-skinned to criticism than most major politicians. But he is also more insistent than most politicians on getting his own facts right. To back up a point on northern countries' self-interest in giving the south more money, for instance, he breaks off the interview to go burrowing through his files for a figure on Iberian imports.

To questions on when/how/if Maastricht might be ratified, Mr Delors maintains a Trappist silence. Denmark's future in the EC can, he says, "only be tackled when the other 11 countries have ratified the treaty". Britain's prime minister, John Major, showed "a margin of prudence", he says, in remarking that Britain might not ratify the treaty this year.

Mr Delors is confident that his fellow Frenchmen will approve Maastricht, but is unsure of precisely what role he will play in the September referendum campaign. The French vote will be crucial, and he turns its importance against the treaty's opponents. "There are those in France who say France will disappear in the construction of Europe. But the fact that everyone is now looking to France shows this not to be the case." He acknowledges that the Community's internal debate about Maastricht may put off some people in countries which have applied to join the EC. "They must run the same risks as us...at least they are being well-informed about what is at stake."

But Mr Delors goes on the offensive on three points:

● The EC budget. "We must have the means to carry out our ambitions," he says in support of his plan to raise EC spending by Ecu21bn (£15bn) a year by 1997-9 to meet the Community's external commitments, to close the growing gap between the competitiveness of EC companies and those of Japan, and to meet the needs of southern EC countries.

Only this last goal requires genuinely new money – about Ecu8bn out of the Ecu21 bn increase – Mr Delors says. European governments would have to spend more on helping their companies and neighbouring countries, even if the Community did not exist, he points out. But the Community exists and goes on growing. "You cannot give the same budget to a young man of 18 years as to a one-year-old baby."

● Economic cohesion and convergence. The link between these two issues should interest all EC states, says Mr Delors. Giving more cohesion money, or structural economic aid, to the poorer countries helps them to build their basic infrastructure, partly by buying equipment from richer EC states. Having dug out his missing figure on Iberian imports, Mr Delors says Spain and Portugal increased their purchases from other EC states by 190 per cent over 1985-90.

● Subsidiarity. Mr Delors says he has taken the initiative on this "to show people that we are not in the process of building an [EC] decision-making machine that automatically grabs more and more power". Community laws must be both necessary and comprehensible.

But de-centralisation cannot be pushed too far. "If, in the name of de-centralisation, we were to scrap Community controls on car emissions, we would be taking two serious steps backwards – breaking up the single market and hurting the cause of reducing trans-frontier pollution." Nor, he says, should the citizen be frightened by the complexity in EC legislation, which is no greater than at the national level. "After all, every year millions of Britons fill out tax forms based on an enormously complicated tax code."

Subsidiarity has an even stronger role to play in foreign policy. The Maastricht treaty commits the 12 states to gradually taking more "common actions". But Mr Delors says "we have 12 foreign policy machines, with strong traditions and geo-political interests... and this is not going to change overnight". The most striking recent freelance initiative was President Mitterrand's mercy mission to Sarajevo, straight from last week's EC summit in Lisbon. Had the French president informed Mr Delors in advance? "No, when I got back to Brussels, my wife told me she had heard about it on the radio – but I don't complain."

Delors: thin-skinned

US Senate approves Russia aid package

By Jurek Martin in Washington

THE US Senate on Thursday night approved the $1.1bn (£570m) assistance package for Russia and its neighbouring republics, which is the cornerstone of the international effort to promote market democracies in the former Soviet Union.

The House of Representatives is expected to consider equivalent legislation later this month. The convincing margin of the Senate vote makes its approval more likely.

The US contribution to the international aid package had appeared in doubt prior to the visit here last month of President Boris Yeltsin of Russia, the high point of which was his powerful speech to a joint session of Congress.

Until then, congressional sentiment had been in favour of first spending scant resources on US economic needs.

In the event, the Senate passed its bill by 76 to 20, with only a handful of insignificant amendments tacked on for domestic political purposes.

Simultaneously addressing internal concerns on Thursday, the House passed its version of the urban aid bill and both chambers approved an extension of emergency unemployment benefits.

President George Bush had lobbied hard for passage of the Russian aid bill, which includes authorisation for an additional US contribution to the International Monetary Fund and for the proposed rouble stabilisation fund.

The Senate action will help the president when he meets Mr Yeltsin at the end of the G7 summit in Munich next week.

Also on Thursday, the Senate foreign relations committee gave Russia its pat on the back by approving last year's Strategic Arms Reduction Treaty (Start), negotiated with the former Soviet Union and subsequently amended to take account of new political realities.

Britain and Germany cool on 'G8' suggestion

G7 brush-off for Russia

By Peter Norman in London and Jurek Martin in Washington

GERMANY and Britain yesterday poured cold water on suggestions that Russia should join the Group of Seven industrial nations, making it a G8.

British officials said it was unlikely that all members of the group would want to expand the club. In Bonn, Mr Dieter Vogel, the German government spokesman, said it was too soon for Russia to become a member of the annual economic summit group.

On Thursday night, President Bush said he was prepared to discuss admitting Russia at next week's G7 summit in Munich. The president did not commit himself to supporting the inclusion of Russia, whose president, Mr Boris Yeltsin, will confer with the Group of Seven leaders on the summit's last day. But he said: "I will be prepared to discuss this, making it a G8 if you will."

This did not seem, however, to be a considered policy statement. He was responding to a question at a press conference by a Russian journalist and answered, off-the-cuff, that the Russian economy was of sufficient size for the issue at least to be debated.

UK officials said yesterday that Russian entry would be premature, adding that Japan was likely to oppose such a move. Japan has outstanding territorial disputes with Russia and the two countries still have not signed a peace treaty to mark the end of hostilities in the Second World War.

Mr Vogel said: "Russia has not yet met the economic conditions, and probably not the political conditions either, quickly to become a member of the G8, or a member of what has been the G7 up to now."

The G7 leaders from the US, Japan, Germany, France, Britain, Italy and Canada will therefore meet Mr Yeltsin and Mr Yegor Gaidar, the Russian prime minister, for three hours of talks on Wednesday on a "G7 plus one" basis. The same procedure was adopted last year when the G7 leaders held talks with President Mikhail Gorbachev of the former Soviet Union.

Next week's G7 summit is likely to give a strong message of support for Mr Yeltsin and his efforts to push ahead with economic reform in Russia.

It is expected to support a rescheduling of Russia's official debts and the release of a first tranche of $1bn of International Monetary Fund credits for Russia on condition that the government in Moscow puts forward clear plans for reducing its budget deficit and inflation.

● Japanese Prime Minister Kiichi Miyazawa, pictured left, arrived in Britain yesterday on a three-day visit ahead of the summit.

Mr Miyazawa, on his first official visit to Britain as premier, will meet Britain's Prime Minister John Major, European Commission President Jacques Delors and Canadian Prime Minister Brian Mulroney during his stay in London.

In the light of a swelling trade surplus with European Community members, Mr Miyazawa is expected to explain his plans to spur a flagging economy to create markets for more foreign goods. He will also seek European support for Japan's demand that Russia returns four islands off northern Japan.

NEWS: UK

Thames to lead bid for Channel 5

By Raymond Snoddy

A CONSORTIUM led by Thames Television will deliver a bid – likely to be the minimum £1,000-a-year – for the Channel 5 franchise to the Independent Television Commission on Tuesday.

It will almost certainly be the only mainstream bid for the commercial television franchise capable of reaching 75 per cent of the UK population with conventional transmitters.

The Channel 5 Holdings consortium – which, apart from Thames, includes Sony Pictures International, the Hollywood studios group, and Canwest Global Communications, a Canadian-based international broadcaster – yesterday decided to go ahead with the project.

The decision was taken in spite of the fact that virtually every other known potential applicant has pulled out.

"If anyone bids £3,000 then they're overbidding by £2,000," said Mr Jeremy Fox, chief executive of The Entertainment Channel, a potential rival for the franchise, which produced a bid application but decided this week that the risk was too great.

The Channel 5 Holdings bid is being put together by Mr Richard Dunn, chief executive of Thames, the largest ITV company. Thames lost its ITV franchise in last year's competitive tenders.

Thames would have a 15 per cent stake in the venture – the maximum allowed if it is to have the status of an independent producer.

Channel 5 Holdings is not a fully funded venture – so a significant part of its equity would have to be raised if it were awarded the licence.

There is no guarantee, however, that the ITC will award the licence for what is one of the last opportunities in western Europe for a completely new channel using conventional broadcasting technology.

The factor that has helped to frighten off most of the potential bidders is that the eventual operator will have a legal requirement to pay for the retuning of several million home video recorders – the Channel 5 signal will cause some interference.

Sir George Russell, chairman of the ITC, has called this obligation a potential nightmare and made it clear that if he thought the ITC might be overwhelmed by complaints from video owners, he would not award the licence.

The Thames-led bid will draw on the expertise of the TV rental business of its parent Thorn-EMI to tackle the retuning, although it is still expected to cost around £50m.

Even if the retuning can be dealt with successfully, a Channel 5 operator will have to pay for its own transmitters and, in most parts of the country, persuade viewers to buy a new conventional TV aerial.

Channel 5 will then have to compete with the existing four terrestrial channels and against the increasing choice offered by satellite television.

The service proposed by Channel 5 Holdings would begin in London and move gradually to the rest of the country. In addition to a national service each city would have a segment of local programmes.

One other less conventional bid is possible. Dr Stephen Castell, a telecommunications specialist, said yesterday that he had not ruled out making a bid which would exploit digital technology, enabling four or five channels to be squeezed into the single Channel 5. There would be no interference problem, but viewers would need decoders to convert the digital signal.

Dr Castell said yesterday that he would finance the venture by a share offering to the public. However, it is doubtful whether Dr Castell will be able to convince the ITC that he can launch a Channel 5 service by the specified date – January 1 1995 at the latest.

■ Extradition proceedings continue ■ High Court backs 'enterprising' compensation scheme

Investigators dig deeper into BCCI

Richard Donkin reports on the continuing probe into the bank, shut down a year ago tomorrow

ONE year on from the day the Bank of England closed the doors on the Bank of Credit and Commerce International, many of those who helped conceal the fraud continue to evade the efforts of law enforcement agencies in the UK and the US.

Attempts by the Serious Fraud Office to interview the 18 former BCCI executives who have been detained in Abu Dhabi since September last year continue to be rejected. Abu Dhabi is assembling its own case which it wants to try in the emirate.

In the 12 months since the closure, the SFO has made three arrests and one of the main targets of its investigation is being held by police in France. The UK government has started extradition proceedings against Syed Ziauddin Ali Akbar, the former head of BCCI's treasury operations which lost $833m in 1985 when he was in charge.

Investigators in the US are preparing a request for the extradition from Pakistan of Agha Hassan Abedi, BCCI's founder, who was indicted in the US on fraud and racketeering charges. Pakistan, however, is unlikely to accede to such a request. Mr Abedi, who lives in Karachi, has been an invalid since he underwent a heart transplant four years ago.

Neither is Saudi Arabia likely to welcome any approaches from the US seeking the arrest of Sheikh Kahlid Bin Mahfouz, head of the National Commercial Bank, and a banking dynasty which maintains close links with the Saudi royal family. Through a spokesman he has described the US fraud charges unveiled earlier this week as "completely unwarranted and without justification".

Mahfouz, once the second largest shareholder of BCCI, became the second of the Arabs with close connections to the bank to face charges in the US. The first was Ghaith Pharaon, the mercurial Saudi businessman who is believed to have spent much of his time since the bank's collapse on his yacht in the Aegean. Pharaon was indicted by a federal grand jury in Washington last November on racketeering charges connected with the purchase by BCCI in 1985 of the Independence Bank of Encino, California. He was indicted again in March in connection with an alleged fraud at CenTrust Savings Bank, of Miami, Florida.

While Pharaon and Bin Mahfouz remain out of reach of the US authorities, The UK investigation has secured the co-operation of two other prominent Arab businessmen connected with BCCI.

The agreement to testify in the UK by Sheikh Kamal Adham and A.R. Khalil is regarded as a crucial development for the SFO investigation. Adham was interviewed voluntarily in the UK by the SFO this year. The SFO has also collected evidence from Khalil, a distinguished Saudi who runs a museum of art history in Jeddah.

Both men were former shareholders in BCCI and both were directors with Akbar of Capcom Financial Services, a UK company closely connected with BCCI. The US Federal Reserve Board has alleged that they helped to conceal BCCI's secret ownership of First American Bankshares in Washington.

As a result of the interviews Adham could emerge as a key witness in the BCCI cases being assembled in the UK. He has not been indicted in the US, but investigators there say he is still under investigation.

The co-operation of Adham in the UK investigation is not surprising given his long-standing relationship with the UK and the US, forged when he was head of the Saudi Arabian Intelligence during the 1970s.

Another active area of investigation by the SFO centres on the role of some auditors who worked for Price Waterhouse at the time of the audit. Police raided PW offices in the Cayman Islands last month, and also visited the homes of two executives, Mr Richard Fear, a former accountant with PW, and Mr Richard Harris, a partner in PW's Caribbean firm.

One other target figure which the SFO rates as highly as Akbar in relation to the fraud is Abbas Gokal, head of the shipping family whose business in Switzerland has been placed into liquidation. Mr Gokal has left Switzerland and is thought now to be living in Pakistan. Just how much the Gokals owe BCCI is still not clear.

How much is recoverable from the collapse is difficult to gauge. Touche Ross, the provisional liquidators, has identified $10bn of liabilities. So far it has recovered in the region of $200m from disposals, but it has been promised $1.7bn (£886m) for the pot from Abu Dhabi if creditors agree to waive their rights to sue the sheikhdom.

Lord Justice Bingham's report into the actions of BCCI's regulators will study whether the Bank of England acted quickly and effectively enough when it began to receive information that suggested wrongdoing at BCCI.

The findings of the Bingham inquiry are likely to have their most serious repercussions in the City and its discernibly creaking framework of financial regulation.

Ghaith Pharaon (left), Syed Ziauddin Ali Akbar, (bottom left) and Lord Justice Bingham (below)

MPs angry at delay to Bingham

SIGNS from the Treasury that the Bingham report on the collapse of BCCI may not be published until after the Commons summer recess provoked an angry response from MPs yesterday, Ralph Atkins writes. More than 100 MPs – mostly from the Labour party – have signed an early day motion calling on Mr John Major, the prime minister, to ensure that the report is released before July 16.

The delay appears to have been caused by the complexity of the affair. When Mr Norman Lamont, the chancellor, announced the inquiry under Lord Justice Bingham last July, he said he hoped the conclusions would be released before the general election. The Treasury, however, has still not received a copy of the report.

The report's conclusions are likely to be controversial. The government will publish as much of the report as possible, but will hold back parts which it considers might prejudice criminal trials or which must remain confidential under banking law.

Transfer device for deposits is upheld

By Raymond Hughes, Law Courts Correspondent

A SCHEME to maximise the compensation payable for money lost when BCCI collapsed has been held by a High Court judge to be valid.

Sir Donald Nicholls, the vice-chancellor – the senior Chancery judge – ruled yesterday that people to whom BCCI depositors assigned parts of their deposits qualified for compensation.

He emphasised that his ruling was made on the assumption that the assignments were genuine and valid transactions and that there had been no arrangement that an assignee would hold compensation for the benefit of the original depositor.

He added that the Deposit Protection Board, which administers the compensation fund, had reserved the right to pursue such matters.

The judge said that, under the 1987 Banking Act, compensation was payable to depositors on the insolvency of a recognised bank or licensed institution. The maximum payment was £15,000: 75 per cent of a deposit of £20,000.

The judge said that when the Bank of England started winding-up proceedings against BCCI in July last year, "an enterprising firm of accountants" suggested a scheme under which a depositor would assign part of his deposit to family members or friends "who can be trusted". About 50 depositors assigned several million pounds to more than 200 assignees.

The scheme was stopped by parliament which closed the loophole with the Banking Act 1987 (Meaning of Deposit) Order 1991, which said that from July 30, 1991, a "deposit" excluded a sum to which a person became entitled after presentation of a winding-up petition. However, Sir Donald said, the BCCI scheme had, as a matter of law, achieved its purpose in that it entitled assignees to compensation on those deposits transferred to them.

British Gas and Ofgas poised to clash

By Neil Buckley

BRITISH GAS and Ofgas, the industry regulator, last night appeared to be heading for a confrontation over the rate of return the company should earn on its gas transportation business.

Under an agreement with the Office of Fair Trading, British Gas is obliged to hive off its pipeline and storage business into a stand-alone company.

British Gas insists the pipeline business should earn a rate of return of 10.8 per cent on new investment and 6.7 per cent on existing assets.

Sir James McKinnon, Ofgas director-general, has several times made it clear that he believes the current rate of return of 4.5 per cent should be sufficient for the new business, although Ofgas has not yet set an official figure.

British Gas counters that the 4.5 per cent rate was adopted as a short-term measure to encourage competition when the transportation business was opened to third party gas suppliers in 1989. When British Gas Transportation is separate, British Gas argues, it will operate as a unit with no cross-subsidies, and so a higher rate will be necessary.

British Gas yesterday submitted to Ofgas a study by Oxford Economic Research Associates and J Henry Schroder Wagg, the merchant bank. It said the necessary rate of return was 6.7 per cent on existing assets, and 10.8 per cent on new investment.

This, the report says, was essential to:

- Enable British Gas to sustain the gas transmission and storage network.
- Ensure the company earns sufficient return on new investment to expand the network and invest in additional capacity.
- Create the incentive for an efficient system which provides gas transportation at the lowest cost.
- Establish a fair system for customers and shareholders with non-discriminatory prices and no cross subsidies.

Sir James was unavailable for comment yesterday. Ofgas said it had not reached any conclusions on an appropriate rate of return and would consider British Gas's submission together with its own research.

Mr Philip Rogerson, managing director of group finance at British Gas, said: "The key consideration is investment. If the reward were not great enough, we would not be able to make the investment required."

Outside analysts have also warned of the potentially damaging effect of setting too low a rate of return.

However, analysts warn that British Gas's submission was "unrealistic" compared with regulated rates of return for other utilities, which range between 5 per cent and 7 per cent.

Shock at Commons Lloyd's motion

By Andrew Jack and David Owen

LLOYD'S professionals yesterday reacted with surprise to being named in the House of Commons in connection with the losses on the reinsurance spiral.

Mr Peter Hain, Labour MP for Neath, south Wales, used parliamentary privilege to allege that two members of the inquiry into the insurance market, chaired by Securities and Investment Board chairman Sir David Walker, had "claimed millions of pounds" on the LMX – London market excess – spiral.

In an early day motion he said that Mr John Lock and Mr Leslie Lucas, both of whom served on the Walker committee, had claimed money on the spiral, the controversial reinsurance system in which syndicates and companies trading in London reinsure each other's exposures to catastrophe risks.

Mr Hain's motion named other senior Lloyd's figures in the context of LMX business. The motion called for a "full public and independent" inquiry into the market, "together with its proper regulation by statute".

Mr Leslie Lucas, chief executive of Norwich Winterthur Reinsurance, said that he was "astonished" to be named in the motion. He added that his company had claimed but also paid millions of pounds in connection with the spiral.

Lloyd's called Mr Hain's motion "irritating" and said: "If nothing else it demonstrates his complete lack of understanding of the London insurance market."

The text of Mr Hain's motion said that "the Walker report into the Lloyd's Insurance market does not reveal the extent to which five members of the Lloyd's Council, who manage syndicates, used the LMX 'dustbin' syndicates for their own reinsurance to the tune of £623.5m, nor that Stephen Merrett has losses on his syndicate 418 of £230.8m, which he has unloaded onto the LMX 'dustbin' syndicates to the extent [of] £229.8m, nor that Alan Jackson had a loss of £93.5m and claimed £122.5m from his reinsurers".

The motion added that the report also had not revealed that "members of the Committee of Lloyd's caused and actively encouraged the enormous growth in LMX business".

Meanwhile, Lloyd's confirmed that the extraordinary general meeting which is to be held on July 27 would lead to a postal ballot if at least 50 members present at the meeting called for one.

Its response followed concern from some disaffected Names – the individuals whose assets back the market – that Lloyd's was backing down from permitting a ballot to take place.

Lloyd's governing council faces votes of no confidence at the extraordinary meeting following the disclosure of £2bn losses in 1989.

CBI calls for change to audit control

THE AUDITING Practices Board should be moved from the control of the professional accountancy bodies and placed under the independent umbrella of the Financial Reporting Council, the Confederation of British Industry has recommended, **Andrew Jack** writes.

In a detailed submission to the board, the CBI opposes big changes in the existing framework of auditing, but says a change in control of the board is desirable. The submission was first made several weeks ago, but in new documents in response to the Cadbury report on corporate governance, the CBI renews its call for a rationalisation of accounting and auditing bodies.

The CBI criticises proposals to rotate audit firms or audit partners and also attacks the idea that the audit requirement for small companies should be lifted.

It says auditors could not be put under a duty to detect fraud or other illegal acts. Auditors could not be expected to act as a public watchdog without consulting a company's directors and are constrained by evidence, confidentiality and defamation.

The CBI says auditors should continue to be allowed to offer consulting services to clients and that proposals for rotation of audit firms would bring a risk of greater audit failures.

It also criticises suggestions from the Institute of Chartered Accountants in England and Wales, and from Cadbury that interim and preliminary accounts should be audited.

- Two-thirds of accountants believe the existing self-regulation mechanisms for auditors are inadequate and half support the idea of an independent body created by the government, a survey by Robert Half, recruitment consultants, showed yesterday.

First steps of the housing recovery falter

Andrew Taylor says an end to the sales slump is as far away as ever

BRITAIN'S deeply depressed housing market looks as far from recovery as ever. Sales, which had shown promise of picking up earlier in the year, have faltered in the past six weeks according to housebuilders.

Tarmac, Britain's biggest housebuilder, says: "Sales in May and April were very poor." Mr Tony Pidgley, managing director of Berkeley Group, says that conditions in the housing market are now slightly worse than a year ago.

The group has managed to boost its profits by taking advantage of cheaper land which, in parts of southern England, has more than halved in price since the peak in the housing market in 1988.

Other housebuilders, which raised borrowings to buy expensive land at the end of the 1980s, have been hit as badly as the people who bought the homes. Sales – and prices of property and land – have fallen sharply.

Mr Robert Sellier, chief executive of loss-making Y.J. Lovell, which earlier this year was forced to renegotiate its financing arrangements with banks, estimates that house prices have fallen by a further 5 per cent since September.

The failure of the market to respond to lower prices and mortgage interest rates means that, nearly four years after the market peaked, families are still struggling to sell homes which in southern England are worth on average a quarter less than the prices paid for them in 1988.

It is not unrealistic to suggest that some people may have to wait until the next century before getting their money back in nominal terms. In real terms, after adjusting for inflation, they may never recover their losses.

Concern over the plight of the housing market has prompted Conservative MPs to sign a Commons motion calling on the government to extend its eight-month "holiday" on stamp duty which is due to run out next month.

Housebuilders, while throwing their weight behind the move, fear it will do little to lift the market out of its slough. One depressed executive says: "Lets face it, sales should be picking up by now if stamp duty was really making any difference."

Prospects for a recovery getting under way this summer are diminishing. April, May and June, before the school summer holidays start, are usually big months for house sales. With the holidays almost upon us indications are that purchases may be even lower than during the corresponding months last year.

According to the Inland Revenue, the number of house transactions in England and Wales during the first five months of this year fell by more than 20 per cent against the first five months of last year – which included the Gulf war.

A better guide to current trends are building society figures showing that net new commitments over the same two periods fell by more than 14 per cent. Building societies usually give a commitment to lend money about 10 weeks before the loan is actually made and the sale concluded.

Falls of 21 per cent in net commitments in April and 26 per cent in May, compared with the same two months last year, bode ill for summer house sales. Meanwhile prices are still falling, according to Nationwide Building Society, which said they declined on average by a further 0.5 per cent last month.

Housebuilders, which have been offering substantial discounts and sales incentives, fear that any increase in prices is unlikely to arise before the end of next year given that sales need to climb substantially before any recovery in prices can begin.

Assuming that prices after next year rise at an average annual rate of 5 per cent – which seems reasonable given growth restraints likely from UK membership of the ERM – it would not be until the year 2000 that average prices in south-east England returned to their 1988-89 peak.

For families who bought homes in East Anglia, where prices have fallen by an average of 30 per cent since the beginning of 1989, the wait could be even longer. Some of these people, who took out 100 per cent mortgages, will be trapped in homes which will be worth less than money borrowed to buy them.

Such fears only undermine confidence further. Halifax, the country's largest mortgage lender, says that the biggest single factor holding back a recovery is concern over rising unemployment and the state of the economy. It hopes there will be some recovery in sales in the second half of this year leading to a gentle rise in prices next year – but those hopes must now be receding.

THE NUMBER of housebuilding starts fell 4.6 per cent in May compared with the same month last year, the Department of the Environment announced yesterday. According to provisional figures, 14,400 dwellings were started against 15,100 in May 1991. Completions numbered 11,800 compared with 14,500.

In the three months to the end of May, 43,200 dwellings were started, a fall of 1 per cent on the same period last year. Completions were down 9 per cent at 39,100.

The seasonally adjusted figures show that in the three months to the end of May total starts were down 2 per cent compared with the previous three months, while total completions were down 1 per cent.

Private enterprise starts were down 7 per cent and completions were down 4 per cent.

British Midland to shed staff

BRITISH Midland Airways, the UK's second biggest scheduled air carrier, is to shed some of its 2,800 staff after a disappointing first six months of this year.

The airline plans to cut costs by 10 per cent by October. It hopes most of the losses will be achieved through voluntary redundancies and non-replacement but compulsory redundancies have not been ruled out.

Sir Michael Bishop, chairman, said: "We need to keep our cost base down and we are assuming no recovery in the economy until the spring of 1993."

The company's performance so far this year was "below plan", he said. British Midland runs short-haul services in the UK and the rest of Europe, and saw an increase of 10 per cent to 11 per cent in the number of passengers it carried over the first half of last year.

This was significantly worse than the performance of its rivals. The 22 members of the Association of European Airlines saw growth of 18 per cent for the first five months of the year on European flights.

Mandarins in the slow lane

SOME government departments are failing to answer MPs' letters promptly and meet their targets in only one case in four, according to figures for last year released by Mr William Waldegrave, public service minister.

The figures show that bottom of the league with just 24 per cent of replies dispatched within the target period was the Scottish Office. It performed only marginally worse than the Department of Transport which achieved 26 per cent.

Star performers with 92 per cent of letters answered on time were the Central Statistical Office and the Department of Trade and Industry. The CSO, however, had only one letter approximately every 10 days to deal with.

Ted Giffords

Sabbath limit: a London family illustrates some of the activities on which the present prohibition may be lifted

Easing of Sabbath law comes closer

By Bethan Hutton

ORTHODOX Jews in north London may later this year be able to visit friends on a Sabbath and not worry about their homes being burgled.

Barnet Borough Council this week brought closer the establishment of an eruv – an area within which aspects of Jewish law are relaxed. At the moment Sabbath laws forbid them even to take their door keys out of the house.

The law forbids carrying anything out of doors on the Sabbath. This means not just bags held in the hand – but extends to pushing prams or people in wheelchairs.

Strict adherence to the law can be severely limiting for disabled people and families with small children, who cannot attend synagogue services or visit relatives on what is traditionally a family day. An eruv waives this law, though stricter sections of the community continue to observe it.

Most Jewish communities around the world already have eruvs, but it is only now that the United Synagogue has launched a plan for Britain's first eruv. The area proposed covers 6½ square miles of London around Hampstead Garden Suburb, Golders Green and Hendon where Jewish communities have congregated.

Barnet's permission was sought because an eruv must have a clear boundary. Natural boundaries such as rivers or railways are used where possible, but in gaps, a thin wire stretched between metal poles indicates the boundary. The United Synagogue has won clearance for the poles under safety rules, but must apply for full planning permission.

Minister says Scots must back policies

By James Buxton, Scottish Correspondent

THE government must frame policies which are not only good for Scotland but which are acceptable to most Scots if the union is not to lose sympathy and support, a senior Scottish Office minister said yesterday.

Lord Fraser of Carmyllie, minister of state for Scotland, said he believed Scotland would now "enter a post-devolution era" following general election defeat of the Labour party, which had proposed a devolved Scottish parliament.

The credibility of Labour's devolution proposals was in tatters and the Scottish party had split into factions ranging from those who wanted to play down the constitutional issue to those who were crypto-nationalists, Lord Fraser told Conservatives in Nottingham.

He added that the threat to the union would return "unless we deal with the perceived grievances and concerns which caused it to appear in the first place". The Conservative's success in the election had given the party "a tremendous opportunity to make a new start in Scotland".

Lord Fraser, who has responsibility for constitutional affairs in Scotland, gave no indication of any new ideas the government is considering for the government of Scotland.

Mr John Major, the prime minister, has said the government is "taking stock" of the issue.

As an illustration of the government's new approach to running Scotland, Lord Fraser said that the test for membership of health boards and of health trust boards would be "real skills, drive and determination to provide first-class health in the 1990s".

This was taken as a signal that the government would no longer confine appointments to health boards to people with Conservative sympathies, as has happened in the past few years.

Top pay has risen faster than average earnings

By David Owen

THE PAY of some groups covered by the Top Salaries Review Body has risen faster than the increase in average earnings since 1979, when the first Thatcher government was elected.

The disclosure comes as the cabinet prepares to discuss the latest report from the body, which is said to recommend substantial rises for senior civil servants, military personnel and judges.

New Treasury figures show that the pay of the head of the Civil Service, the chief of defence staff and of senior circuit judges has risen by 338 per cent since 1979, compared with an increase of 318 per cent in average earnings.

Last year the weekly salary of Sir Robin Butler, the head of the Civil Service, was £2,006.70 – on a par with Field Marshal Sir Richard Vincent, chief of defence staff, or some seven times average earnings of £284.70 per week.

In 1985, the last time there was a thorough review, the pay of those covered rose by between 7 per cent and 46.3 per cent. The government's Commons majority of more than 100 was slashed to just 17 on a vote on the issue.

The cabinet decision on whether or not to accept the pay review body's recommendations must be announced to MPs in the next two weeks, before the summer recess. Senior Tory backbenchers have made clear their concern that the increments should not be substantial.

The Treasury information came in a Commons written answer to Mr Michael Meacher, shadow social security secretary. Mr Meacher said yesterday that Labour would regard government approval of increases of anything like 30 per cent as "absolutely outrageous". The party would oppose such a measure with a three-line whip in any debate. "At a time of slump it is provocative for those on the highest pay to take more than the average increase," he said.

MPs win spurs on finance bill

Emma Tucker reports on how Labour has found a sharper edge in committee skirmishes

LABOUR'S demoralised front bench may have lost its pre-election energy but this has not stopped a handful of backbenchers engaging in vigorous opposition.

Over the past 10 days a number of recently elected Labour MPs have made their debut on the standing committee on the finance bill – the legislation which implements the Budget.

The sittings yielded little excitement this year. The most interesting elements of the Budget, such as the new 20p tax band, were dealt with before the general election. But a Conservative majority of only two on the 34-member committee – reflecting the balance of the House – has given Labour a sharper edge.

Mr John Hutton, the youthful new MP for Barrow-in-Furness, said: "The committee provides us with an opportunity to show the Tories that the Labour party is not a busted flush and that we are not prepared to lie down and let them roll over us. We are showing the government that if we choose to, we can make it very difficult for them."

Over the two weeks that the committee was sitting the opposition adopted the usual tactics of demoralisation through exhaustion. Conservative members were instructed to keep interventions to a minimum, so Labour effectively dictated how long the proceedings ran. During the first week of discussions, two of the committee's three sittings ran until 4am. This week, one ended at 7.40am.

Mr Nick Brown, shadow financial secretary to the Treasury, said the Opposition's main role was to make sure the Budget was properly scrutinised. But he confessed to a certain amount of "skirmishing and gamesmanship".

He said: "It is only right for us, the Opposition, to explore the possibilities and see if we can persuade any Conservatives to break ranks."

The proceedings have ended with no upset for the government. The 53-clause, 170-page bill is now scheduled for its final Commons stages next week. However, if the opposition failed to defeat any clauses or impose amendments, new MPs did get the opportunity, so rare in the chamber, to practise their debating skills.

The dozy afternoon sessions were taken up with long speeches that roved through the rubble of Sheffield's old industrial zones, Dudley's deserted town centre, the smoky rooms of Barrow's working men's clubs, and the steel sites of Wolverhampton.

Mr John Watts, Conservative MP for Slough, who has sat on the committee since 1984, said: "I think the opposition decided the committee was a chance to give some of the bright new members a bit of a blooding – a chance to earn their spurs."

The new Labour terriers include the moustachioed Mr Geoffrey Hoon, MP for Ashfield, and eloquent speaker on Europe. He sat next to Mr Peter Mandelson, Labour's former campaigns director and now MP for Hartlepool, whose frequent references to the Hartlepool Marina soon found their way to the newsdesk of the Hartlepool Mail.

Mr Clive Betts, MP for Sheffield Attercliffe, leapt to his feet at every opportunity while ginger-haired Mr Ken Purchase, MP for Wolverhampton North-East, championed the Black Country. Mr Alan Milburn, the dapper MP for Darlington, spoke often, and at length, about the north-east, while Ms Barbara Roche, one of the three female members of the committee, wove together the links between the film industry and her London constituency of Hornsey and Wood Green.

The Tory members, led by the no-nonsense financial secretary Mr Stephen Dorrell, had less fun. There was only one new face on their benches – Ms Judith Chaplin, MP for Newbury – who sat quietly scribbling through most of the proceedings.

Occasionally the older Conservative hands retaliated over matters such as inheritance tax or the business expansion scheme. Some, such as Mr Watts, even introduced amendments. But most of the time they sat glumly opening piles of letters under the stern gaze of Mr Tim Wood, the government whip.

All 18 Conservative members – picked more for dependability than their urge to scrutinise the economy – were present at every session and they never did break ranks.

Perhaps Mr Brown was right when he remarked at the beginning of the first session: "Some Conservative members may feel that their contribution to the committee is confined to nodding and waiting and that they are wanted more for their bodies than for their minds."

FINANCIAL TIMES

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Saturday July 4 1992

The troubles of the G7

IN THE kingdom of the blind, the one-eyed man is king. It is only by comparison with Boris Yeltsin, the proud beggar whom they will meet next Wednesday, that the leaders of the Group of Seven industrial countries seem kingly. By most other standards their state is much reduced.

US president George Bush, leader of the "sole remaining superpower" must wonder whether he will even be at the next summit. Last year's victor over Saddam Hussein is reduced to hoping, against reasonable hope, that the Germans and Japanese will do enough to help the Federal Reserve purchase the votes of the American electorate. After the jump in the unemployment rate to 7.8 per cent last month, hopes are less bright. The response of the Federal Reserve, another half a percentage point cut in short term US interest rates, is unlikely to make a timely difference.

Mr Bush will not find rescue abroad. Mr Miyazawa, the Japanese prime minister, is still more enfeebled than Mr Bush. The Japanese stock market has declined by 60 per cent from its peak, the economy has slowed sharply and sluggish growth means that the controversial current account surplus is likely to be close to $100bn (£52.3bn) this year.

All Mr Miyazawa could do is arrive with a carefully packaged fiscal initiative of Y7,000bn (£29bn) to Y8,000bn for later this year. At around 2 per cent of gross domestic product, the boost seems substantial, but there is less new stimulus than meets the eye. Even if not too little, for Mr Bush the package comes far too late.

Germany will be no more helpful. The German federal government this week announced a tight budget for 1993, along with a plan for limiting the increase in its spending over the next four years to 2½ per cent a year in money terms. But the implied promise of steadily falling public spending in real terms is barely credible.

The German government hopes its budget will open the way to lower interest rates. But Mr Waigel, the German finance minister, can only propose; the Bundesbank disposes.

Wage increases

Yesterday, Mr Otmar Issing, the Bundesbank's chief economist, pointed discouragingly to excessive German wage increases and the rapid growth of D-Mark M3, the broad money aggregate that the German central bank targets. Monetary growth must first fall, he insisted, if interest rates are to be cut.

The other European leaders can only hope that the US succeeds in persuading the Germans to relax monetary policy. Their chances are poor. If German interest rates do not fall quite soon, however, the malady of the Italians is likely to become critical, that of the British chronic.

What a fall from grace this has been for those who appeared only two years ago to be masters of the universe. The world economy is struggling in the toils of private sector debt deflation. The European economy is struggling in the toils of German unification. The UK, with that astuteness for which it has long been noted, is struggling with both: German interest rates and American indebtedness, a combination to sadden the heart of chancellor Norman Lamont.

Structural deterioration

When the world runs out of creditworthy private borrowers, it makes sense for the public sector to put itself forward. Over the last three years, public sectors have certainly not been backward in coming forward. But one can have too much of a good thing.

According to last week's OECD Economic Outlook, the fiscal stance of every G7 country, bar Canada, has shown either no improvement or a structural deterioration since 1989. In Japan, France, Italy and the US that structural deterioration has been less than 1 per cent of GDP. In the case of Germany, the deterioration of more than 4 per cent of GDP has the good excuse of unification. Once again the UK is the dunce, with a structural deterioration of almost 2 per cent of GDP.

With debt deflation making low real interest rates essential and fiscal deterioration helping to keep long term real interest rates up, prospects for strong recovery are modest. Low short term real interest rates are necessary. But not only do they not appear to be enough; in Europe they are not even available.

Little then can be expected from the gathering in Munich of weak leaders, presiding over feeble economies. This does not mean that the meeting will be entirely useless. A gesture in the direction of Mr Yeltsin can at least be expected.

Unhappily, the leaders of the G7 have built up a reputation for ineffectiveness where they ought to have been effective. Mr Helmut Kohl has said that the summit should increase investor and consumer confidence. As the leaders knew when they met in Houston in 1990 and in London last year, the best way to increase confidence would to ensure agreement in the Uruguay Round of multilateral trade negotiations. If they are unable to deliver on their promises where they are in direct control of the outcome, it would be foolish to expect more on overall economic performance, where they are not.

Further confrontation may be on the way in South Africa, writes **Michael Holman**

Post-apartheid gulf widens

President F W de Klerk and Mr Nelson Mandela this week gave notice that the battle for post apartheid South Africa is about to begin in earnest.

Amidst a welter of often vituperative exchanges between the two leaders and their lieutenants, the fragile truce established when Mr Mandela walked to freedom two and a half years ago has finally collapsed. It may yet be restored if wiser heads prevail, whether within South Africa or from outside. But unless that happens very soon, industrial strife and bitter confrontation on township streets and city centres, seems inevitable.

President de Klerk's anxiously awaited television appearance last Thursday evoked memories of an earlier watershed in the country's history. Seven years ago South Africa and the world watched their screens to see whether Mr de Klerk's predecessor, Mr P W Botha, would cross the Rubicon and press ahead with reform. He did not; and his finger-wagging, pugnacious television performance triggered the worst crisis since Sharpeville. Mr Botha rejected majority rule and retreated into the political cul de sac from which Mr de Klerk still has to escape.

He has yet to show that his insistence on a power-sharing agreement can be reconciled with Mr Nelson Mandela's demand for majority rule. "We were very close to reaching an agreement" he told his television audience on Thursday night "which would have led to the first election in which all South Africans would have voted." Within months, Mr de Klerk continued, South Africa could have had an interim government and a transitional constitution ensuring the rights of all and which "would have prevented domination and the abuse of power".

It would be difficult to find a member of the ANC who would agree with this assessment. On the contrary, Mr de Klerk's unrepentant stance on Thursday night will have confirmed that little, if anything, has changed to narrow the gap between the two sides. Far from backing away from his concept of power-sharing Mr de Klerk made it clear that he believes it is a viable option.

For a man confronted with the most serious crisis of his career, Mr de Klerk looked and sounded remarkably confident. It was as if he believed that in South Africa's hour of need he could play the role of a statesman, addressing his message over the heads of squabbling political leaders to a silent majority yearning for reassurance that peace and stability were within reach.

"I appeal to all South Africans, wherever you may be, whatever community or party you may belong to, be calm and responsible", Mr de Klerk urged. "Say 'No' to those who try to incite anger and hatred. Say 'No' to any act or deed which will endanger your job or your security."

For most observers with experience of the mood and circumstances of Johannesburg's black townships, the "just say no" appeal seemed risible. Yet Mr de Klerk has experienced that anger at first hand. Furious residents of Boipatong, scene of the massacre of 42 residents last month which precipitated the current crisis, drove the president away when he attempted to convey his sympathy.

Mr de Klerk, however, had an explanation: it was not a spontaneous response but a politically organised protest, he told listeners. If Mr de Klerk believes that he would otherwise have received a sympathetic and appreciative welcome, he is misreading the township mood.


De Klerk (left): the fragile truce established on the release of Mandela (right) has collapsed

But while Mr de Klerk was playing statesman on television he was also preparing for the elections that he believes lie ahead. On the morning of his address to the nation, he consolidated his own alliance with Chief Gatsha Buthelezi, leader of the predominantly Zulu Inkatha Freedom party whom he met with other conservative black politicians. Later that day, he sought to drive a wedge between the coalition led by Mr Mandela.

It took the form of a memorandum to the ANC leader, putting the government's formal reply to the organisation's terms for the resumption of talks at the Convention for a Democratic South Africa (Codesa). It provided striking confirmation of Mr de Kerk's political game plan, based on a seemingly unshakeable belief that – provided the ruling National Party plays its cards right – it will remain central to the government of South Africa.

Going on the offensive, he angrily accused the ANC of responsibility for political violence and warned that "mass mobilisation" could jeopardise stability. More important, he singled out for attack two of the ANC's most important allies – the Congress of South African Trade Unions (Cosatu) and the South African Communist Party – accusing them of seeking to foment an "insurrection".

Even during the most cordial period in relations with the ANC, government ministers have expressed deep unease about forming a coalition with a party with such supporters in its ranks. In his memorandum to Mr Mandela, the South African president effectively spelt out the fact that, as presently constituted, an ANCNational Party coalition is ruled out.

Critical to his strategy of appealing to the silent majority over the head of the ANC, however, is the question of whether Mr de Klerk has read the mood of the townships and the black community as a whole accurately. Many observers believe that like other white leaders before him he may be underestimating the strength and passion of African nationalism.

Nowhere was this more clearly displayed than earlier in the week when the ANC-led coalition assembled in Boipatong's football stadium to lead the mourning for the victims of the township massacre. Old rivalries between the ANC and the radical Pan Africanist Congress (PAC) were set aside as speaker after speaker, led by Cosatu's fiery general secretary, Mr Jay Naidoo, endorsed the call for "mass action" – a series of strikes, demonstrations and acts of civil disobedience designed to force Mr de Klerk to capitulate to majority rule.

"Every time when we try to negotiate, they tell us to go to hell", said Mr Naidoo: "We will take them to hell with us", he declared to roars of approval.

This apocalyptic vision may be distant. Mr Mandela has to take into account the fact that many black South Africans, notwithstanding their impatience for change, will be apprehensive at this prospect. On the other hand, those to whom it appeals, notably the young generation of jobless blacks may well conclude that the veteran, essentially moderate ANC leader should be supplanted by somebody more radical.

Adding to Mr Mandela's predicament is the fact that aside from mass action he has few weapons to bring to bear; the ANC's guerrilla army poses no significant threat while the prospect of a resumption of trade sanctions is at best remote. Mr Mandela believes he can veto Mr de Klerk's strategy by refusing to cooperate with Mr de Klerk.

It also remains to be seen whether the ANC campaign can be sustained in the face of high unemployment and the security forces which Mr de Klerk has made clear will be vigorously deployed. And even as the two sides were preparing for confrontation, influential voices of alarm were starting to be heard. In Cape Town yesterday, where earlier this week police fired on demonstrators on a mass march in the city, Archbishop Desmond Tutu was expressing concern about the wisdom of mass action. "I am worried", he said: "Having marched, what then? It's impressive but, in a way, so what?" "I am not entirely persuaded that the ANC and its allies would always be able to ensure that these demonstrations are peaceful."

Some observers also believe that the gap between the government and the ANC over terms for the resumption of Codesa talks has, despite the furore, been closing. Mr de Klerk has moved some way towards meeting the ANC demand for an international commission of inquiry into the Boipatong massacre. Two legal experts from abroad have joined the Goldstone Commission, currently inquiring into township violence including the Boipatong tragedy, while the local police investigation will be subject to external evaluation.

Other demands, including an end to alleged covert security force operations and a ban on carrying dangerous weapons in public, are in principle at least not resisted by government.

But even observers inclined to a charitable view of the government's role in township violence acknowledge that Mr de Klerk needs to put principles into practice. The disclosure that former members of a notorious counter-insurgency unit are now part of police unit reinforces speculation about government involvement in political killings. Nor has government's reluctance to disband the equally notorious 32 Battalion and which has been strongly criticised by the Goldstone inquiry, inspire confidence.

For most black South Africans and many whites, Mr de Klerk's renewed denial of government complicity in violence does not carry weight. At least one senior western diplomat has concluded that Mr de Klerk's handling of the issue to date suggests that the president is either "complicit, incompetent or complacent".

Only Mr de Klerk's fiercest detractors suggest the former, but very few people can now convincingly defend him against the other charges. "What Boipatong has shown, above all, is the cost of a police force which nobody trusts, which does not investigate itself with vigour, which cannot prevent its own members from opening fire at the most disastrous moments, which will not disband its covert units", wrote Ken Owen, editor of the Sunday Time.

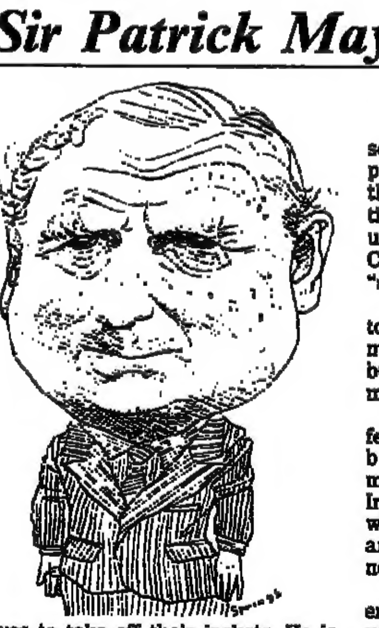
Western diplomats, once reluctant to advocate external involvement in South Africa's search for peace, are coming to the conclusion that the time may have come for a United Nations, Commonwealth, or European Community role. Chief Emeka Anyoaku, the Commonwealth secretary general is already in town. Mr Douglas Hurd, the British foreign secretary, is expected to lead a "troika" of Community ministers on a fact finding visit within the next three to four weeks. And Mr de Klerk on Thursday said he would consider creating a joint monitoring body on violence, on which representatives of the international community might serve in an "observer capacity."

Western diplomats take cautious hope from this tentative offer, to which the ANC has yet to respond. But they remain deeply apprehensive about stepping into the South African minefield. "We might be prepared to help monitor a peace agreement adopted by de Klerk, Mandela and Buthelezi", said one, "but they must first make peace."

Such is the climate of distrust and hostility, however, it is difficult to see South African politicians managing to reconcile their differences without the help of outsiders.

MAN IN THE NEWS: ***Sir Patrick Mayhew***

Ulster's big man lets himself go



Usually urbane and upright, Sir Patrick Mayhew, Northern Ireland secretary, has this week been restless and in peculiarly good humour.

He chuckled before television cameras with Mr David Andrews, Irish foreign minister. In Winston Churchill's old Admiralty room, now occupied by the Northern Ireland Office, he cannot sit still.

Only three months in the job, after nine years' service as solicitor-general and then attorney-general, the former barrister has a mischievous confidence. "I never wanted to be a law officer . . . I came into politics to get away from the law," he laughs.

His cheer is understandable. Northern Ireland's wretched politics has taken a rare step forward. On Monday, Unionists, nationalists, and the Irish and UK governments will gather in London for the most wide-ranging discussion on the province's future since partition in the 1920s.

The breakthrough is, in large part, Sir Patrick's achievement. His predecessor, Mr Peter Brooke, constructed a complex talks programme that nine weeks ago allowed nationalist and Unionists to return to the conference table.

But Sir Patrick has this week cajoled the recalcitrant and suspicious participants to agree sufficient common ground for the Irish government to enter the negotiations. A chink of brightness has crept beneath Northern Ireland's gloomy history of failed political initiatives and unceasing terrorist killings.

Whitehall insiders wonder whether Northern Ireland politics has entered a new chapter. UK Prime Minister John Major is not passionate over the direction Ulster should take; but he is determined to find a negotiated solution and has a warm relationship with Mr Albert Reynolds, Irish prime minister.

Sir Patrick is more a pragmatist than a visionary. He is unusual among Tory Northern Ireland secretaries in having expressed to an interest in the position before his appointment. Oppressive personal security and the intransigent politics usually deter thrusting ministers.

But Sir Patrick has a strong sense of duty and propriety. During the "Westland crisis" in 1986 he demanded a full inquiry into the leaking, by the Department of Trade and Industry, of advice he sent to Mr Michael Heseltine, then defence secretary. Law officers' advice had to be confidential, he insisted.

Colleagues report that he is a courteous, straight-backed English gentleman. He chooses a hard chair to fidget on, not the soft-leather settees in his office. His first press conference as Northern Ireland secretary was taken standing up.

Sir Patrick describes Northern Ireland's politicians as "engaging" – not an adjective that springs immediately to the minds of many Westminster politicians. Aged 62, the patrician air is enhanced by a rounded face, swept-back silver hair and his height. His national service army paybook said 6ft 4¾in – two inches taller than the Rev Ian Paisley, the rumbustious leader of the Democratic Unionist Party and hitherto undisputed "big man" of Ulster politics.

The voice is polished but Sir Patrick is not pompous. His first instruction at meetings this week with the participants in the talks was to take off their jackets. He is businesslike, responding to flippancy with a drawn-out, condescending "yeeaaas". He is strongly Christian, but believes religion and politics have to be kept apart.

In spite of his "Paddy" nickname, Sir Patrick fears his Irish background is overplayed. His mother came from an Anglo-Irish Protestant family, which had been based in County Cork since 1263. But he was born in Berkshire, England, educated at Tonbridge School and Oxford. As MP for Tunbridge Wells, Kent, since 1974, he did not make a speech on Northern Ireland before taking office and first visited the province in the 1960s.

More significant than his national identity, perhaps, is his family's familiarity with public service, which helps Sir Patrick fit into a job once described by Pravda as a "colonial pro-consul". A great grandfather was a first lord of the admiralty; a grandfather had a ceremonial post at the British viceroy's court at Dublin castle.

His Irish roots have led to confusion among participants in the talks about his attitudes to Northern Ireland – a fog that may perversely have helped in recent weeks and which he has shown little inclination to clear.

Irish diplomats were initially sceptical. As attorney-general, he presided over fierce rows between the UK and Ireland over extradition, and upset nationalists by refusing to prosecute Royal Ulster Constabulary officers for alleged "shoot to kill" offences.

But his appreciation of Irish history has forced a reappraisal. "He may be a southern Irish Unionist but, first and foremost, he is a Cork man," says one Irish official.

Unionists have similarly mixed feelings. They like his dedication but are not convinced of his motives. Southern Ireland Anglo-Irish families "are the sort of people who run up the Union Jack one day and then the Irish tricolour the next", says a Unionist MP.

With the current round of Northern Ireland talks intended to be private, Sir Patrick wants to limit public utterances. Yet he says that ultimately the Northern Ireland secretary has to work himself out of existence. "My job is to relieve the people of Northern Ireland of the indignity of having their local affairs governed for them by Westminster ministers. It is an indignity, it is an affront and I also think it is an absurdity."

He is also surprisingly ambitious about what might be achieved by political talks, apparently rejecting any suggestion that Northern Ireland could be ruled like any other part of the UK.

Since 1972, when the Unionist-dominated Stormont parliament was dissolved, the UK government has tried to enable Northern Ireland to become self-governing, "to the extent at least that it was when Stormont had jurisdiction".

It is probably too much to expect Sir Patrick to get that far. Only a month is left before the time set aside for the talks expires. A new political settlement – if one can ever be achieved – will almost certainly require a fresh set of talks later this year. And, probably, another after that. Sir Patrick's high spirits will be tested.

Ralph Atkins

All set for a second-best summit

Peter Norman examines the prospects for next week's G7 meeting

Next week's Group of Seven economic summit in Munich is almost certain to decide second-best solutions for the world's most pressing problems.

The leaders of the US, Japan, Germany, France, Italy, Britain, Canada and the European Commission (which also takes part in most of the talks) are gathering against the background of a weaker-than-hoped-for world economy and an increasingly worrying slippage of economic reform efforts in Russia and the other states of the former Soviet Union.

Their two overriding objectives will be to boost business confidence in the industrialised world and help as far as possible with economic and social transformation of the former communist countries and their integration into the mainstream world economy.

While they may make some progress, the solutions chosen will probably be less than optimal. Each of the G7 countries has pressing political or economic concerns at home that are making them inward-looking and which impose limits on their willingness and ability to co-operate.

Although the summit theme is about shaping a new international partnership between the former communist countries and the developing world, there is unlikely to be significant progress on the Uruguay Round of trade liberalisation talks, which is the one issue that could help all.

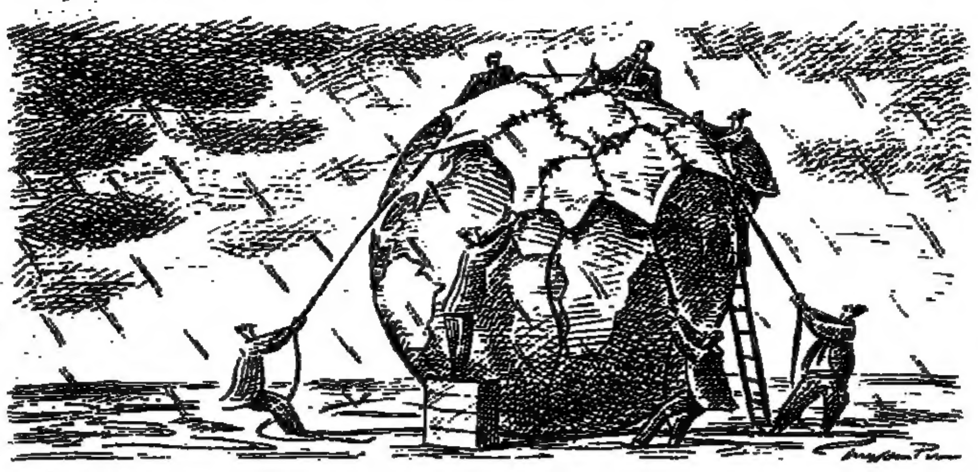
This year's summit host, Chancellor Helmut Kohl of Germany, has ordered a lean agenda and a short final communique in an attempt to focus the summiteers' discussions. On Wednesday, after the formal close of the economic summit, Russia's President Boris Yeltsin will join the group for lunch and further discussions in the afternoon.

Although there is always a risk that global political problems such as the bloody civil war in Yugoslavia will hijack the summit, Mr Kohl is determined that the meeting should live up to its name. The two and a half days of talks beginning on Monday will therefore focus on economic issues and cover:

- world economic developments, and especially the need to enhance the growth prospects of the leading industrial countries;
- how best to help the states of the former Soviet Union overcome growing economic crisis and secure democracy;
- the difficult progress of eastern Europe towards pluralism, democracy and the market economy;
- co-operation between industrialised and developing countries;
- the follow-up to the recent Earth Summit in Rio de Janeiro; and
- plans to make safe Soviet-designed nuclear power stations in the former USSR and eastern Europe.

The striking thing about the summit agenda is that the first four points would be greatly advanced by a breakthrough in the long-running Uruguay Round trade talks. Freer trade and an end to the negotiating stalemate could also provide the boost to confidence that the world economy needs.

But, although last-minute surprises cannot be ruled out, all the indications over the past week argue against a solution to the deadlock between the European Community and the US on agricultural trade at the summit. While the main players, such as Mr James Baker, the US secretary of state, and Mr Frans Andriessen, the EC's chief trade negotiator, will be in Munich, pre-summit briefings have deliberately lowered expectations. US officials and Mr Horst Köhler, the German government sherpa charged with preparing the summit, have pointed out that a gathering of government leaders is not the forum for complex technical negotiations.



The discussions will therefore centre on the first two agenda points and on the nuclear safety problem. Without a trade breakthough, the G7 will be left with a patchwork of less impressive measures to stimulate growth and help the former communist nations and the third world.

These measures have been falling into place over the past week. The US cut its discount rate by half a point to 3 per cent, its lowest level since 1963. Japan's ruling Liberal Democrat Party has proposed the introduction of an economic growth package that could total between Y6,000bn (£25bn) and Y10,000bn later this year. Germany announced a strict 1993 budget and four-year savings plan that is intended to pave the way for lower interest rates eventually. But it offers no relief to Germany's partners in the European Monetary System which are forced to follow the Bundesbank's high interest rate policy.

All G7 countries are aware that President Yeltsin cannot leave Munich having suffered a rebuff. After swallowing hard, the industrialised countries are likely to agree to grant Russia a breathing space of perhaps three or five years on servicing its official debts. They will also signal their willingness for the International Monetary Fund to provide Russia with $1bn in loans on condition that Moscow gets its budget deficit and inflation under control.

The summit will give its blessing to practical help such as improved co-ordination of technical assistance for Russia and the other former Soviet states through a system of country co-ordination groups. Although differences remain about how to organise the safety programme for the Russian-designed nuclear plants in the former Soviet Union and eastern Europe, the G7 agrees on the need for action.

But the leaders are all having to look inward. Germany is only slowly waking up to the size of the task of absorbing the former east Germany. US President George Bush is distracted by the looming November presidential election. Japan has a weakening economy and a weaker government.

The EC is currently preoccupied with the aftermath of the Danish rejection of the Maastricht treaty. Italy has only just appointed a new government after months of difficult coalition building. France is facing its own referendum on Maastricht in September while the popularity of President François Mitterrand is low. In Canada, Mr Brian Mulroney's government is trying to deal with complex constitutional problems and has long been below an approval rating of 20 per cent in public opinion polls. The UK government has a working majority for a full five years in office: but Mr John Major, the prime minister, faces increasingly difficult economic problems and cannot ignore the hostility of part of the Conservative party to the Maastricht agreement.

The problems faced by Presidents Bush and Mitterrand go a long way to explaining why a Uruguay Round breakthrough is unlikely, even though all can agree that the $320bn paid in farm support each year by the industrialised world is a waste and that the best way of helping eastern Europe and Russia would be to open markets for their steel, textiles and food products.

Officials preparing the meeting admit that the world will not be a very different place next Thursday, after the leaders and the accompanying 4,000-strong media circus have left Munich. But if it adds a little to mutual understanding, the G7 gathering will have done some good. In view of current global uncertainties there is much to be said for Winston Churchill's remark that "to jaw-jaw is better than to war-war".

A head-on collision over rules of the road

The French government is in reverse because of its tough, new driving regulations, writes **Alice Rawsthorn**

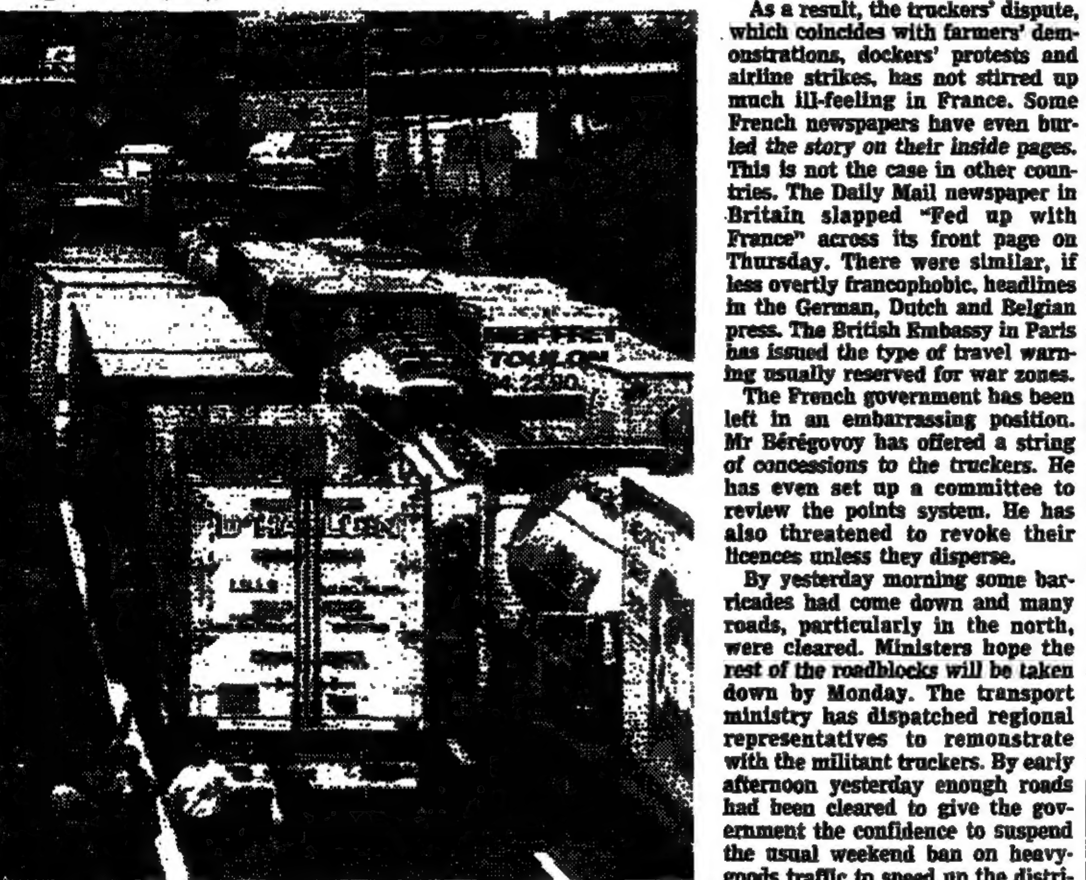
The burly Lyons lorry driver barely flinched at the sight of the riot police. "We're not looking for a fight, but if the police come we'll do what we have to," he said. "The same goes for the Belgians and the Dutch. No one's tougher than the French truckers."

For the past four days the roadblocks erected by the Lyonnais and his fellow truckers have been causing chaos throughout France. At first the television images of lorry drivers munching baguettes beside their roadblocks seemed almost comical. But the situation swiftly became more serious as supplies of food and fuel ran short in many cities, factories laid off workers and thousands of foreign tourists were trapped behind roadblocks.

The dispute could scarcely have come at a worse time for the French government, which is desperately trying to improve its poor performance in the opinion polls in the approach to the Maastricht referendum in September and next year's general elections. Mr Pierre Bérégovoy, the prime minister, yesterday summoned ministers to an emergency meeting to try to end the dispute this weekend. Even if the roads are cleared, the government will be left assessing the long-term damage of the protest.

The crux of the dispute is the government's apparently laudable attempt to reduce France's frighteningly high rate of road accidents. There were nearly 9,600 deaths on French roads last year, twice as many as in the UK and at least 2,000 more than in Germany. A new driving licence system was introduced on Wednesday as the linchpin of the government's campaign to curb dangerous driving.

Under the new system all drivers are allocated six points on their licences. If they commit an offence they forfeit a number of points – three for drunken driving or two for speeding. Once drivers lose six points they forfeit their licences for at least six months. Similar systems have already been introduced – without controversy – in Germany, Britain, Japan and some US states. But it has caused a furore in France.



Slamming on the brakes: truckers protesting in southern France

The truckers have made the biggest fuss. They argue that they should be awarded extra points, because as professional drivers they run a higher risk of losing their licences and their livelihoods.

They have been grumbling on and off for months. But this week their protests began in earnest. Roadblocks were erected on most of the main motorways. The cities of Lyons and Toulouse were virtually inaccessible for four days. Since Wednesday, there have been reports of petrol rationing and food shortages across France. On Thursday a Peugeot factory was forced to lay off 1,200 of its 2,200 workers because of a parts shortage.

But the lorry drivers are not alone. Paris taxi drivers staged a one-day strike against the new system last month. Their counterparts in Lille held a protest yesterday. The usually sedate motorists' association also opposes the system, which differs from those of some other countries in that drivers could lose their licences through parking offences alone. When a television chat-show host asked his studio audience whether they approved of driving points, the answer was a resounding "non".

At first glance the protest seems surprising. France is a highly centralised, very bureaucratic society. The logistics of the points system pale beside the complexity of renting an appartment or qualifying for a driving licence.

But France is also a country where macho motoring is a way of life. Jumping traffic lights, parking cars on pavements and overtaking from either side of the opposing car are commonplace. Motorway cafés are crammed with drivers knocking back their lunchtime plonk. There are so many crashes around the Arc de Triomphe in Paris that accidents there are not covered by most insurance policies.

The government is running a public information campaign to spell out the consequences of this cavalier approach to road safety, but apparently with little effect. Although the French may not agree with the detailed demands of the lorry drivers – the motorists' association has threatened to erect its own roadblocks if the government caves in to the demand for extra points – there is general sympathy for the central theme of attacking the points system.

As a result, the truckers' dispute, which coincides with farmers' demonstrations, dockers' protests and airline strikes, has not stirred up much ill-feeling in France. Some French newspapers have even buried the story on their inside pages. This is not the case in other countries. The Daily Mail newspaper in Britain slapped "Fed up with France" across its front page on Thursday. There were similar, if less overtly francophobic, headlines in the German, Dutch and Belgian press. The British Embassy in Paris has issued the type of travel warning usually reserved for war zones.

The French government has been left in an embarrassing position. Mr Bérégovoy has offered a string of concessions to the truckers. He has even set up a committee to review the points system. He has also threatened to revoke their licences unless they disperse.

By yesterday morning some barricades had come down and many roads, particularly in the north, were cleared. Ministers hope the rest of the roadblocks will be taken down by Monday. The transport ministry has dispatched regional representatives to remonstrate with the militant truckers. By early afternoon yesterday enough roads had been cleared to give the government the confidence to suspend the usual weekend ban on heavy-goods traffic to speed up the distribution of supplies to shops and factories.

It may take longer to mop up the political mess. Mr Bérégovoy has been at pains to avoid controversy in the run-up to the Maastricht referendum. This week he even postponed a potentially tricky piece of medical expenditure legislation until after the vote.

Last weekend Mr Bérégovoy was basking in the reflected glory of President Mitterrand's flight to Sarajevo. He will spend this weekend counting the cost of a week in which France – and its government – has virtually been held hostage by a bunch of truckers.

Inflation is under control, but hopes of a post-election recovery in the UK are crumbling fast, says **Barry Riley**

The light fades at the end of the tunnel

The faltering recovery

Last Thursday Mr Tim Congdon, a leading City economist, rose at a stockbroker's seminar to speak on the subject "When will the recovery start?". His opinion was short and to the point. "With present policies and interest rates the UK economy will *never* recover," he said.

Until recently Mr Congdon, a monetarist, might have been regarded as having a maverick view. But not any more. Within the past few weeks hopes of a post-election economic revival have been crumbling fast.

Consumer spending has been disappointing, bankruptcies have continued to plague the business sector and house prices, after showing signs of stabilising in the spring, have apparently begun to sink further. This week the Nationwide Building Society reported a 0.5 per cent fall in the average house price in June and a 6 per cent drop over the past year.

The London stock market has tumbled by nearly 10 per cent since hitting an all-time peak in May. Investors are being forced to abandon their hopes of a profits revival this year as they face a series of chairmen's warnings, dividend cuts and failed new issues. Economic figures published this week appeared to show that both the personal and business sectors have been under pressure. The personal sector's savings ratio rose to 11.5 per cent of disposable income in the first quarter of the year, the highest level since the last serious recession 10 years ago.

People are worried about their jobs and income levels. They are also in many cases burdened by debts. Personal indebtedness is now twice as high in relation to income as it was in 1982.

As for companies, the improvement in their financial position visible through 1991 appears to have stalled in 1992. The company sector's financial deficit jumped to nearly £4bn in the January-March quarter, and there are doubts about the ability of many companies – including some as notable as BP – to continue paying the high dividends which have helped to keep the stock market relatively buoyant through most of the two years of recession so far.

Nevertheless the government can claim one significant success for its economic policies, a sharp fall in inflation. When the UK entered the European Community's exchange rate mechanism in October 1990 inflation was more than 10 per cent. Now it is only about 4 per cent. Some economists think it may sink to 2 or 3 per cent next year.

But is the recession a price worth paying? Many people may find the squeeze on their incomes intensifying over the next few months. Real personal disposable income was slightly higher in the first quarter, in spite of the continuing contraction of the economy, and the increase in average earnings in nominal terms was surprisingly high at just over 7 per cent year-on-year.

The British reliance upon asset-based borrowing is posing serious solvency problems

There appear, however, to have been some exceptional payments of bonuses to beat possible Labour government tax increases. In any case, wage rises are likely to be very hard to come by in the second half of the year.

The public sector will fully share in the agony. Before the election there was a wave of pay handouts as the government sought to win favour. But if the economy fails to produce the 1 per cent growth officially forecast for this year and the 3 per cent assumed for the first half of next year, the already formidable levels of budgeted public borrowing will swell still further.

If next year's public sector borrowing requirement looks like climbing towards £40bn (against £31.5bn forecast), the axe may hover over public-sector pay and possibly over social security benefits. Tax increases seem inconceivable, but are they?

However, there is good news for consumers too. Price inflation for many manufactured goods has all but stopped. The American strategy of devaluing the dollar is making many imports cheaper, whatever the impact upon the competitiveness of British companies.

And these are good times for older people free of mortgage worries. Pensions are little affected by the economic downturn. The real squeeze is being suffered by people in younger age-groups trapped in houses in which they have little or no equity, and are losing more value all the time, and by workers in volatile industries such as construction where wage levels have actually been tumbling.

People with money to spare are being rewarded. True, the stock market has weakened, but National Savings and government gilt-edged securities are paying attractive rates as the authorities press ahead with financing the deficit. Even those in short-term savings accounts at banks and building societies are earning comfortably more than the inflation rate.

The other side of the coin, though, is that borrowers are being hammered. Bank base rates are still 10 per cent, and have fallen only half a point this year. With the Bundesbank still struggling to bring excessive German monetary growth under control, short-term prospects for interest rate cuts are bleak.

The small business sector is being crippled. Property is a disaster area. The British reliance upon asset-based borrowing, developed over long years of inflation, is posing serious solvency problems as unprecedented price falls hit both the commercial and residential property sectors.

Yet the country seems extraordinarily calm. There are no riots by repossessed homeowners. The army of unemployed is growing but is quiet. The electorate has just returned the Tory government to power for five more years, seemingly in approval of its economic policies.

But what if the British economy *never* recovers?

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Electrical industry training stifled by fragmented dealings with Tecs

From Mr Paul Gallagher.

Sir, My interest was aroused by your article, "Shephard Investigates Training Shortfall" (July 1), because on June 30, together with other leaders of the electrical contracting industry, I met Patrick McLoughlin, the junior employment minister. We took the opportunity then to raise with him the difficulties being faced by our electrical contracting training scheme.

Traditionally, the electrical contracting industry has trained 4,500 apprentices per year: important not just for the contracting industry but for industry at large because 80 per cent of all electricians in the UK are trained via that scheme.

Following changes over the past few years, which included the scrapping of the employers' contribution through the levy system, we now have find ourselves having to negotiate for government support with not one central body but with 82 Training and Enterprise Councils in England and Wales and 22 Local Enterprise Companies in Scotland.

This, in itself, is difficult enough but the employers, 80 per cent of which are small companies, face immense bureaucratic procedures if they are to benefit from government support. It is reaching a point where many of them are simply refusing to take on apprentices. This, fuelled by the recession, explains why this year's figure is likely to be 1,000 apprentices or less. It goes some way towards answering the question which Mrs Shephard intends to investigate – that is, why Tecs are failing to meet the guarantee of training places available.

The answer clearly is the creation of a national agency which will allow us to negotiate with one body. This will mean that our training advisers throughout the country can get on with the job of training and ensure that our apprentices achieve National Vocational Qualification standards. Rather than applying themselves to such training, our advisers are spending countless hours in negotiations with individual Tecs and on other meaningless bureaucratic functions. I know that many Tecs share my view that the system is overly bureaucratic and in need of reform.

The electrical contracting industry will continue to train apprentices but to do so we must have an effective framework in place. Given the predicted reduction in apprentices, it is not over-egging the pudding to say that the existing framework could be brought into question and our ability to continue to train apprentices will be jeopardised.

This can only result in yet more 16- and 17-year-olds hanging about on street corners. I want them properly trained so that they can become valuable members of our society.

Paul Gallagher,
general secretary, EETPU,
Hayes Court,
West Common Road,
Bromley, Kent BR2 7AU

Climate for house market recovery

From J R S Egerton.

Sir, The increase in the savings ratio to 11.5 per cent for the first quarter is not perhaps as depressing as at first sight it might appear ("Boost to savings ratio, July 1).

Many home owners are now making substantial reductions in their mortgages by failing to reduce monthly payments in line with falling interest rates. This voluntary early repayment of principal in the building society sector may now be running at approaching £2bn a year, in the order of 1 per cent of building society mortgages and 0.5 per cent of personal disposable income. And the amount increases with each cut in mortgage interest rates.

Since the dead weight of debt is a major cause of low turnover and falling house prices, reductions in indebtedness are helping to create the conditions for recovery in the housing market.

J R S Egerton,
Economic & Regulatory Analysts,
9 St James's Place,
London, SW1A 1PE

Pensions thinking at odds with working patterns

From Ms Trudy Coe.

Sir, You report on June 30 ("Pension age for women may rise") that the government is moving in favour of equalising the state pension age at 65; a flexible decade of retirement has apparently been ruled out.

You discuss the options solely in terms of benefits – or losses – to the exchequer. This is precisely a reflection of the narrowness of government thinking. The state pension age is critical in influencing individuals' retirement decisions. A fixed state pension age encourages employees to think in terms of an arbitrary and absolute end to their working lives. This is at odds with the trend in working patterns, where flexibility is paramount. A flexible decade of retirement would allow and encourage employees actively to think about a range of options rather than perpetuating the damaging belief that full-time work should end at 65.

Trudy Coe,
head of external policy,
British Institute of Management,
2 Savoy Court,
Strand, London WC2R 0EZ

Targets mystery

From Ms Elizabeth Symons.

Sir, Your report ("Whitehall aims to protect tea ladies", July 2) that Mr William Waldegrave is to publish a table showing how far government departments "have met the targets for market testing their functions" is most curious.

On June 2, at a meeting with civil service union general secretaries, Mr Waldegrave repeated and categorically denied that any such targets existed. The official minute of the meeting confirms that denial. The minister said that not only were there no targets but confirmed that neither he nor any of his officials had given an off the record briefing that there were. Surely, in the name of the open government that the minister has repeatedly said he supports, he should make it clear whether they exist or not. We have asked him to deny the existence of targets as openly to the press as he did to us. We await developments.

Elizabeth Symons,
general secretary,
Association of First Division Civil Servants,
2 Caxton Street,
London SW1H 0QH

Real reason for going wigless

From Mr Henry von Blumenthal.

Sir, I do not know Louis Blom-Cooper, but as his neighbour for many years I have passed him on the stairs both with and without his wig. On balance, I should say his features are improved by it, for the wig is a handsome piece of design ("Dear Lord Chancellor...", June 29).

Anachronism is a dangerous word to use out of the context of art and literature. I do not see how the recognised badge of the barrister, worn daily by thousands of people here and by many court officials in countries as far away as Africa can be called anachronistic. If it is, so is the collar and tie or any garment which was worn as long ago as last week.

Nor is it fair to class the protagonists as rationalists and traditionalists. Some of the anti-wiggers' arguments are fatuous. Who ever was intimidated by a wig? Traditionalism is rational, and it is natural that in a legal system substantially based, like the constitution, upon precedent, lawyers should wear the ancient badge of their trade. Others do.

Why has this campaign against the wig started now? Partly, I suspect, because the 1960s generation has grown up into high office but is still bent on chucking away our past. I fear a more sinister, if unconscious, motive. For years, British Rail's solution to falling standards has been an advertising campaign and a new image, in the belief that the public can be tricked. The legal profession has never before faced such a collapse in public confidence. The solution? Abolish the wig. While they are at it, why not start referring to clients as "my customer"?

Henry von Blumenthal,
2 Paper Buildings,
Inner Temple, London EC4

BM statement lifts share price

By Richard Gourlay

SHARES IN BM Group bounced back sharply yesterday after the construction equipment group put out a lengthy statement underlying the strength of the company despite the resignation of its influential chairman, Mr Roger Shute.

With remaining members of the board making a grueling tour of its institutional investors, the shares rose from 111p to 145p.

Mr Shute's resignation on health grounds on June 26, coming amid a flurry of bad market news, triggered a share price collapse. The company's brokers then issued a profits downgrading and the shares fell to a low point of 85p on Wednesday. Only a month ago BM stood at 398p.

BM's board confirmed that it intended to pay an increased final dividend of at least 2.3p for the year to June 30 as promised at the time of the January rights issue.

The board also said it was confident that it would be able to recommend "further significant growth" in the dividend for the current year.

At the dividend level of not less than 4.4p for 1992 (3.4p), the dividend cover was "very substantial", the company said.

On current trading BM said it had encountered tough conditions in many of its markets. Sales had been disappointing in April but had recovered in May and June.

Adverse currency movements on translation would also hit reported earnings.

On the basis of management accounts received for the first 10 months of the year, the directors said there would be continued growth in the profitability of the group.

There would nevertheless be "modest decline" in earnings per share from last year's 27.2p as a result of the increase in the number of shares in issue.

BM also said it continued to have strong relations with its important suppliers.

In the UK, distribution agreements with Hitachi of Japan had recently been extended for five years; in the US "strong working associations" continued with Komatsu Dresser Corp.

The integration of Thomas Robinson, the most recent of the many acquisitions through which BM has managed to grow rapidly, was proceeding satisfactorily, the directors said.

Amber Day appoints finance director

By Andrew Bolger

AMBER DAY, the discount retailer which has seen its share price plunge in the last six months, yesterday appointed Mr David Thompson as group finance director.

Mr Thompson, 38, was group financial controller at Storehouse until the recent management reshuffle at the retailing conglomerate. He replaces Mr Graham Coles, who will become finance director at First Leisure, the hotels and leisure operator.

Amber Day shares yesterday closed 6p higher at 46p. The shares have fallen from a peak of 129p last November following rumours and criticism concerning Mr Philip Green, the group's chairman and chief executive.

Mr Thompson said he had joined Amber Day only after discussing the company with Mr Coles, who was finance director of Storehouse's BhS for three years before he joined Amber Day last August.

Mr Thompson said: "I obviously had to satisfy myself there was nothing untoward going on. Amber Day has a concept that works and I look forward to the challenge."

Amber Day is still looking for a chairman to work alongside Mr Green, who will continue as chief executive.

Mr Coles' departure was announced on June 15, along with the resignation of Amber Day's only non-executive director, Mr Leslie Warman.

On the same day, Amber Day said trading for the second half of the current year – to August 2 – had not come up to budget and full-year profits would be below stockbrokers' expectations. Analysts accordingly reduced their forecasts from £14m-£15m to about £12m.

Last year the group more than trebled pre-tax profits to £10.1m, thanks mainly to its acquisition in 1990 of the What Everyone Wants discount chain, which operates in Scotland and the north of England.

Losses at FNFC rise sharply to £22.7m

By David Barchard

FIRST NATIONAL FINANCE, the consumer finance and banking group, said yesterday that it believed it was poised for a significant improvement in its business in the second half of the year, despite heavy pre-tax losses in the first six months.

Mr Martin May-Smith, chairman, said that though there were no clear signs of a recovery in the property market, he thought the worst was now over as far as the group's businesses were concerned.

He said that the group's gross margin had widened by one percentage point to ten per cent and that it was now concentrating on less risky but still profitable business, such as home improvement loans.

Despite this note of optimism, FNFC turned in another set of discouraging results.

Pre-tax losses for the half year to April 30 were £22.64m, up from £6.24m in the same period last year.

All three divisions of the group were in the red, with the heaviest losses coming in its consumer credit operations which lost £12.85m (£6.47m).

The commercial lending division, which made a £3.92m profit in the first half of last year, plunged into a £5.48m loss. Mr May-Smith said that this sector was causing especial concern.

There was an extraordinary loss of £16.94m on the group's property portfolio against losses on immediate sales of undeveloped sites where the group had received an offer from a potential purchaser in line with current market prices.

Group turnover excluding the banking business was slightly up on a year ago at £21.25m (£20.3m) though it was down from £26.06m at the end of October.

FNFC now has a total loan book of £1.2bn. Around six per cent of the group's mortgage customers are said to be in arrears of six months or more.

Bad debt provisions on consumer credit were £35.7m with a further £14m for suspended interest. The total group charge for bad debts was £64.5m for the half year, compared to £120.5m in the whole of last year.

The group is considering a variety of strategies,including refinancing, securitisation and asset sales to cover borrowing which falls due during 1993. Mr Tim Ingrams, previously of ANZ Grindlay's, has been appointed finance director.

Net asset value declined to 89p per share from 118p in April 1991.

See Lex

Exceptional £32m gain will bolster L&G balance sheet

By Norma Cohen, Investments Correspondent

LEGAL AND General, the life assurance and financial services group, said yesterday that it was planning to strengthen its balance sheet through a transaction that would result in an exceptional profit of £32m for the six months ended June 30.

The transaction would involve the sale of L&G's UK investment management businesses – currently owned by the corporate holding company – to L&G's Society Life Fund and would allow L&G to extract about £42m of shareholders' funds in the life fund and shift these into the corporate balance sheet.

The proceeds will include roughly £10m of consolidated tangible assets attributable to the four investment management companies. The four are the pensions management, unit trust management and portfolio management companies as well as the investment management holding company.

There will be no capital gains tax on the transaction because a period of poor investment performance in the mid-1980s meant that the value of the combined companies has risen little over the past 10 years.

As of December 31 1991, the UK investment management businesses had £17.1bn of funds under management – of which £12.1m related to L&G Society Life Fund.

About £1.7bn of the Society Life Fund is allocated to shareholders under complex regulatory arrangements set out by the Department of Trade and Industry. L&G said it had consulted the DTI about the transaction and that no objections had been raised.

Composite insurance companies have been seeking ways to extract shareholders' funds from their life funds in order to inject capital into their general insurance activities which sustained heavy losses over the past year. In 1991, L&G recorded losses in its general insurance businesses, particularly mortgage indemnity, of £176m. Its life insurance activities, however, recorded profits of £126m.

Extracting shareholders' funds from the life fund also enables companies to maintain dividends in the face of heavy losses.

Insurance industry analysts yesterday applauded L&G's move, saying that the transaction had bolstered the company's ability to maintain its dividend in line with inflation.

Meanwhile, L&G said the move was justified on managerial grounds as well.

TI and Dowty integration starts

By Richard Gourlay

TI GROUP, which last month successfully bid for Dowty, has announced the first phase of a corporate reorganisation to integrate the aerospace and information technology group.

Mr Bruce Ralph, Dowty's former chief executive who left the Dowty board on Thursday, will remain as a consultant to Mr Christopher Lewinton, TI's chairman and chief executive.

Mr Roy Roberts, Dowty chairman, and Mr Reg Moore, finance director, have already resigned from the board.

The reorganisation will lead to the closure of Arle Court House, Dowty's headquarters outside Cheltenham where the company's founder George Dowty built the business that supplied landing gear to all makes of RAF aeroplane that flew in the second world war.

TI made the announcement, which will mean 70 job losses, to clarify local uncertainty about the future of the company which has long been the area's largest private sector employer.

While reorganisation of Dowty's operating businesses is being examined there are as yet few changes in the operating structure.

Mr Norman Askew and Mr Jim Lightfoot, respectively TI's and Dowty's managing director of aerospace, remain in charge of separate companies based in Abingdon and Cheltenham. Both will report to Mr Sid Taylor, TI's chief operating officer. "This is not the final picture," TI said. "Sid Taylor will sit down and discuss how best to run the aerospace division in the longer term."

Mr Lewinton said he had been impressed with the quality of Dowty. "All that we have learned about Dowty so far confirms that our strategy of concentration on its core specialist engineering businesses is well founded."

TI is negotiating with a number of people who had expressed an interest in the information technology business which TI said it would sell if it won the bid. "We do not drag our feet. We want to concentrate all our efforts on the core business of Dowty."

New trust from the Kleinwort Benson stable

By John Authers

Kleinwort Benson Investment Trust Management announced yesterday that it had placed £22.5m of shares for the launch of its new investment trust.

The placing was made with institutions, stockbrokers and intermediaries, and Kleinwort Benson is now seeking another £7.5m via a public offer.

Kleinwort Endowment Policy Trust will be the first investment trust to invest solely in unmatured life assurance endowment policies which have been surrendered by their original holders.

Levels of surrender for these policies have been very high in the last three years, as they are often taken out as repayment vehicles for mortgages. Several companies have started making a market in them – aiming usually at small investors.

There has also been strong demand for them from continental Europe.

The KEPT aims to spend the first year of its life buying endowments – the trust will have a fixed life span of 11 years.

The offer for subscription will close on July 21, with dealings expected to start on July 27. Smith New Court has organised both the placement and the offer.

Banesto settles dispute with BP

By Tom Burns in Madrid

BANESTO, the big Spanish retail bank, yesterday said it would underwrite the placement of shares in its business that were owned by British Petroleum in an agreement that concluded an angry dispute between the two institutions.

The shares, which BP had since February been attempting to return to Banesto under a buy-back clause, were acquired by the British company a year ago when it paid £340m for Petromed, the Banesto-owned oil refiner and distributor.

Under the agreement BP transferred to Banesto 2.9 per cent of equity held in the Banesto bank and a further 2 per cent of stock in Banesto's industrial conglomerate.

Banesto said it had already placed 1 per cent of the bank stock with an unnamed third party at a price of Pta3,000 per share and that the remaining equity would be placed in a "gradual and orderly" manner.

The initial 1 per cent sale of the bank stock, which will net BP Pta3bn (£16.6m), represents a premium on Banesto bank's current share price of Pta2,440 but is well down on the Pta3,965 value of the bank's shares when BP acquired them in the takeover.

BP can also expect to incur a loss on the placement of its Corporacion Banesto stock as the industrial conglomerate's share price has fallen by more than 50 per cent in the past year.

In May the buy-back dispute between the bank and the UK refiner came to a head when BP voted against Corporacion Banesto's 1991 accounts at the conglomerate's annual meeting. Yesterday BP said the agreement was "satisfactory" and that hostilities were at an end because "we are no longer Corporacion shareholders."

Ferromet plunges to £13m loss

By Peter Pearse

FERROMET Group, the USM-quoted metals trader, plummeted from profits of £624,000 to pre-tax losses of £12.9m in the year to December 31. Its shares were unchanged at ¾p.

It said its accounts would be qualified by the auditors because, as previously reported, Ferromet Resources, had been placed into Chapter 11 bankruptcy proceedings by some of its bankers. It is the group's principal operating subsidiary in the US and "a large part of the group in terms of assets and earnings", according to Mr Roger Wain, group chairman.

Mr Wain said a full provision had been made in the accounts against the group's investment in the US subsidiary, though he declined to specify its size. He reiterated the comments he made in March that the board was in discussions with prospective new investors.

Turnover in 1991 expanded to £73.6m (£48.3m), boosted by the acquisition of Cronite Alloys from the receiver in June 1991 and of Missouri Precision Castings (now under Chapter 11) in July. Operating losses amounted to £8.48m (profits £2.47m) after administrative expenses of £7.12m (£2.69m). Net interest payable grew by almost £1m to £2.72m and there were exceptional charges of £1.69m (£44,000).

Retained losses came to £12.8m (profits £256,000). Losses per share were 6.25p (earnings 0.17p) and there is no dividend for the second year running.

The board has shrunk to three members – Mr Wain, Mr Hillel, finance director, and Mr Larry Whyte, who in 1990 was paid more than a third of group profits for that period. Three directors have resigned since early December.

Henlys to resist Cowie bid saying price is too low

By Maggie Urry

T COWIE, the motor trader, yesterday posted the offer document in its £27.3m all paper bid for rival Henlys Group. The document forecast interim profits from Cowie of not less than £11.5m, a 48 per cent increase over the previous year. It said current trading was "encouraging".

Henlys said it would continue to resist the bid after seeing the offer document. It said the price was too low compared with Henlys net asset value of £47.7m at the end of 1991.

The 1-for-2 offer values Henlys' shares at 72p with Cowie's share price closing at 144p, up 2p, yesterday. Henlys closed unchanged at 75p. There is no cash alternative.

In the letter to Henlys shareholders, Sir Tom Cowie, chairman of Cowie, said: "Henlys has lost its way." He contrasted Henlys performance with that of Cowie. While Cowie increased profits in 1991 from £11.3m to £18.2m before tax, Henlys dropped into a loss of £6.8m. Henlys has also forecast an interim loss for the current year.

Mr Michael Doherty, chairman of Henlys, said that Cowie's suggestion that Henlys lacked financial strength was "a bit rich". He said Cowie, which has a large leasing business, had gearing of 350 per cent while Henlys' stood at 60 per cent.

Cowie also said that its management could increase the return on Henlys assets. Mr Doherty said that Henlys' only problem was its bus and coach manufacturing business, and Cowie's management had no experience of manufacturing.

Expansion at EMH as deficit is reduced

European Motor Holdings yesterday reported sharply reduced losses for 1991-92, two acquisitions and a share issue to raise £610,000.

Losses for the year to March 31 of £1.33m pre-tax compare with £2.72m for the 15 months to end-March 1991. Following a reorganisation, EMH has now been substantially redirected as a more broadly based motor-related group.

Turnover on continuing activities amounted to £23.12m (£8.62m). Losses worked through at 18.1p (129.6p) and the dividend is being omitted – 0.5p was paid previously.

The acquisitions are of Mill Garages, a Sunderland-based operator of 13 motor retail franchises, for £2.59m, and the business and certain assets of Wiltshire-based Nigel Bristow Toyota, and a garage owned by Bristow, for £640,000.

The purchase price for Mill Garages will be satisfied via the issue of 2.3m new ordinary shares, of which 1.57m are being placed on behalf of the vendors. The 570,000 shares being issued for the purchase of Bristow are also being placed on behalf of the vendor.

The share issue to raise £610,000 is of 540,000 new ordinaries at 112p per share. The cash will be used to reduce debt of the enlarged group.

[illegible]

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres-ponding dividend	Total for year	Total last year
Clyde Blowers ....int	0.83	-	0.83	-	7.9
Euro Motor Hldgs......fin	nil	-	nil	nil	0.5‡‡
Fuller Smith ....fin	4.46	Aug 21	4	6.71	6.1
Graig Shipping ....fin	2.5	Sept 4	3	4.5	4
Joseph (Leopold) ......fin	12.75	Aug 21	12.75	15.85	15.85
TR Technology ....fin	1.75	Aug 10	1.75	1.75	2.2‡

Dividends shown pence per share net except where otherwise stated. †On increased capital. §USM stock. ‡Includes special 0.45p. ‡‡For 15 months.

LONDON RECENT ISSUES

EQUITIES

Issue Price	Am'nt Paid up	Latest Renunc Date	1992 High	1992 Low	Stock	Closing Price	+or-	Net Div	Times Cov'd	Gross Yield	P/E Ratio
-	FP	-	4	2	Brent Walker Wts to Sub	3		-	-	-	-
130	FP	-	148	143	Country Casuals	143		W3.5	2.3	3.3	17.4
-	FP	-	32	21	Dwyer A	21		-	-	-	-
100	FP	-	98	96	EFM Japan Tst	97		-	-	-	-
-	FP	-	32	30	Do Warrants	32		-	-	-	-
-	FP	-	106	98	Grosvenor Inns	98	-5	N4.0	-	5.4	-
285	FP	-	290	282	Kenwood Appliances	282	-4	W7.5	2.4	3.5	14.9
£10½	FP	-	£12¼	£10½	Latin Am Inc & Appr. 1c	£10½		-	-	-	-
-	FP	-	41	34½	M & G Recovery Inc	35		F3.75	-	14.3	-
-	FP	-	25½	12½	Do Capital	16	-½	-	-	-	-
-	FP	-	65	46½	Do Geared Units	55	-2	F3.75	-	9.1	-
-	FP	-	122	96	Do Package Units	111	-1	F3.75	-	4.5	-
-	FP	-	11	¼	Mulutrust Warrants	11		-	-	-	-
§122	FP	-	138	133	Vega	136	+1	L2.29	1.9	2.2	20.4

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc Date	1992 High	1992 Low	Stock	Closing Price £	+ or -
-	FP	-	15p	8p	Brent Walker Var Rte 2nd Prf '00/07	12p	
-	FP	-	12p	4½p	Do 8½pc 3rd Non-Cum Cv Prf 2007/10	6p	+1½
-	FP	-	100½p	100½p	Caspen Oil 11% Cnv ULS 94/97	100½p	
100p	FP	-	109½p	102½p	Commercial Union 8¾pc Cm Irrd Pf	109½p	+1
100p	FP	-	109½p	107½p	Fulcrum Inv Tst Zero Div Pf	109½p	+½
-	FP	-	59½p	48½p	M & G Recovery Zero Div Pf 1p	56½p	

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc Date	1992 High	1992 Low	Stock	Closing Price p	+ or -
330	Nil	10/8	45pm	14pm	BSS	14pm	-2
8	Nil	13/7	¼pm	¼pm	Betacom	¼pm	
12	Nil	31/7	1½pm	¼pm	Dartmoor Inv Tst Uts	¼pm	-¼
43	Nil	7/7	18pm	15pm	‡Essex Furniture 5p	17pm	-1
64	Nil	21/8	2pm	1½pm	Monarch Res Units	2pm	
8	Nil	20/7	1pm	½pm	‡Qualigauti	½pm	-½

a Annualised dividend. b Figures based on prospectus estimate. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. q Earnings based on preliminary figures. u Forecast or estimated annualised dividend rate, cover based on previous year's earnings. ▼ Ex-dividend. F Dividend and yield based on prospectus or other official estimates for 1992-93. H Dividend and yield based on prospectus or other official estimates for 1991. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92. N Dividend and yield based on prospectus or other official estimates for 1992. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ‡ Offered to holders of ordinary shares as a "rights". † Introduction. § Placing price. ‡‡ Reintroduction. ‡ Unlisted securities market. ‡ Issued in connection with reorganisation, merger or takeover. pm Price at a premium.

TRADITIONAL OPTIONS

- First Dealings June 22
- Last Dealings July 3
- Last Declarations Sept. 17
- For settlement Sept. 28

3-month call rate indications are shown on page.

Calls in Amber Day, Amstrad, C.H. Bailey, BET, British Biotech., Brown Shipley, Devenish (JA), Expl. Co Louisiana, Ferranti, First Natl. Fin. Corp., Glaxo, Ibstock Johnsen, Midland & Scottish Res., MTM, Pilkington and Rexmore. Puts in Aran Energy, Kwik-Fit and Suter. Put and call in Lonrho.

Fuller Smith dips 13% in year of mixed blessings

By Philip Rawstorne

FULLER SMITH & Turner, the west London-based brewer, yesterday reported a 13 per cent fall in pre-tax profits from £9.01m to £7.8m. A "year of mixed blessings" saw a substantial increase in its beer sales to the free trade while its own pubs, hotels, and wine shops were hit by recession.

Turnover for the year ended March 28 rose 9 per cent to £76.23m, but higher costs reduced operating profits from £8.9m to £8.52m, and interest charges of £722,000 were nearly seven times higher after the purchase of pubs from Allied-Lyons.

Earnings per share, helped by a one-off tax credit of £1m, rose 3 per cent from 24.38p to 25.18p but would otherwise have declined to 21.15p.

However, a final dividend of 4.46p – reflecting "optimism for the future" – makes a payment 10 per cent higher at 6.71p.

Mr Anthony Fuller, chairman, said the current year had started well with beer production up, but hotels still affected by recession. "It is extremely difficult for me to indicate when there will be a full recovery."

Fuller's brewed a record 113,000 barrels of beer last year as sales of cask-conditioned ales to the free trade increased 52 per cent. Volumes of its London Pride brand rose 23 per cent.

Free trade gains were made without giving excessive discounts, Mr Fuller said. Further benefits were expected from a trading agreement with Bass in southern England, and the company was spending £1.76m on expanding the Chiswick brewery.

Exports – to North America, Australia, New Zealand, the Caribbean and France – increased 20 per cent and now accounted for 4 per cent of production.

Beer volumes sold in Fuller's own estate fell 5 per cent, in spite of the acquisition of 44 more pubs. "The severity of the recession affecting the average pub customer was certainly greater than we had expected," Mr Fuller said.

Profits from the company's 77 managed pubs and three hotels were £1m lower and sales through its wine shops fell by £335,000.

Anthony Fuller: severity of recession affecting the average pub customer was greater than expected

NEWS DIGEST

British Dredging warning

SHARES OF British Dredging closed down 38p at 80p yesterday after it warned that results this year will be "significantly lower" than last year because of difficult trading conditions.

The company said it was trading profitably, had net cash and expected to hold its interim dividend. Phillips and Drew, brokers to the dredging and building materials group, cut its forecast of pre-tax profits from £2.3m to £1.25m.

Clyde Blowers falls 73% to £34,000

Clyde Blowers, the mechanical engineer based in Scotland, returned profits of £33,723 for the half year to end-February, a 73 per cent downturn on the £126,207 reported last time.

Turnover was little changed at £2m (£2.12m). Earnings fell to 2.5p (9.2p) but the interim dividend is a same-again 0.83p.

The directors said the company had recently incurred costs of £48,515 for redundancy and severence and that further reorganisation costs would be incurred before the year-end which would have an adverse effect on the full year results.

Leopold Joseph at unchanged £1.1m

Unchanged profits after tax and inner reserves transfer of £1.1m were announced by Leopold Joseph Holdings, the merchant banking group, for the year to March 31 1992.

Mr Robin Herbert, the chairman, said that in spite of considerable improvement in the underlying business, it had not proved possible to increase profits. However, again the bank had not had to make significant provisions against its loan portfolio which had performed "very satisfactorily".

Earnings per share were a same-again 20.9p and the proposed final dividend is held at 12.75p, which maintains the total at 15.85p.

Seafield losses double to £22m

Losses at Seafield, the Dublin-based group with interests in property, transport and warehousing, virtually doubled from £11.48m to £22.38m in 1991.

The figure was after taking account of exceptional provisions of £19.52m (£18.65m), of which £18.12m (£13.86m) related to property write-downs.

Seafield's transport distribution and warehouse division had a good year and the directors said it was in that area that they intended to focus most of the company's future thrust.

Group turnover declined to £22.76m (£30.7m). Operating profits of £2.53m compared with £9.26m last time. Net interest payable rose to £5.39m (£2.09m).

Losses emerged at 31.9p (15.8p) and at the year end net assets per share stood at 41p (73p). The shares dipped 1p to 10p.

Poor second half at Graig Shipping

A "disappointing second half" for Graig Shipping, the Cardiff-based transport, mineral and investment company, meant that the £1.7m pre-tax profit of the first half was reduced to £1.22m for the year to March 31. Last time profits were £1.01m.

The pre-tax result was struck on turnover of £38.7m (£37.8m) and while it included a £3.57m profit on sale of a ship there was also £2.11m (£641,000) written off investments.

The directors said that the second half result reflected a considerable downturn in the dry cargo freight market, high costs of a survey and repairs to the Graiglas merchant vessel, and the strength of sterling against the dollar.

All the group's subsidiaries and associates had produced disappointing results apart from North End Oil and restructurings and disposals would be considered, they said.

Earnings per share worked through at 8.2p (7.2p) and the proposed final dividend is 2.5p (3p) for a 4.5p (4p) total.

ECONOMIC DIARY

TODAY: Nationwide elections for Nigerian National Assembly. Officials from Japan and the European Community meet in London to discuss strengthening economic, cultural and political ties.

TOMORROW: Mr George Bush, US president, pays visit to Poland before going to Munich for Group of Seven summit meeting.

MONDAY: Economic summit of seven biggest industrial democracies in Munich (until Wednesday). Central Statistical Office issues figures for credit business (May) and cyclical indicators for the United Kingdom economy (May — first estimate). US auto sales (June). European Parliament in plenary session in Strasbourg *(until July 10). Financial* Times holds conferences "Managing Financial Risks", "Telecommunications and the European Business Market" and "North Sea Oil & Gas" in London.

TUESDAY: US wholesale sales (May); consumer credit (May). Russian constitutional court considers legality of Soviet Communist Party and of presidential orders banning the organisation in the wake of the coup. Deadline for bids for Channel 5 television license.

WEDNESDAY: Mr Douglas Hurd, foreign secretary, speaks to European MPs in Strasbourg on the UK presidency of the EC. UN negotiations in Geneva on tightening the Montreal Protocol on substances that damage the ozone layer (until July 17).

THURSDAY: The Department of Employment gives details of employment, unemployment, earnings, prices and other indicators. US jobless claims. Publication of Regional Trends 27 1992 edition. Conference on Security and Co-operation in Europe summit begins

FRIDAY: British Steel/BISPA announce figures for usable steel production (June). Central Statistical Office *publishes retail prices index* and tax and price index (June). The Bank of England issues quarterly analysis of bank advances

FT-ACTUARIES SHARE INDICES

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Friday July 3 1992: Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%))	Est. P/E Ratio (Net)	xd adj. 1992 to date	Thu Jul 2 Index No.	Wed Jul 1 Index No.	Tue Jun 30 Index No.	Year ago (approx) Index No.	1992 High	1992 Low	Since Compilation High	Since Compilation Low
1	CAPITAL GOODS (177)	813.13	+0.7	7.08	5.52	18.32	16.81	807.74	810.73	819.96	798.77	929.04 20/5	739.74 10/1	1038.07 16/7/87	50.71 13/12/74
2	Building Materials (22)	889.65	+0.7	6.29	6.30	21.35	25.24	883.20	887.35	897.50	1013.45	1121.52 11/5	872.32 10/1	1381.08 16/7/87	44.27 11/12/74
3	Contracting, Construction (28)	797.58	-0.7	4.36	7.49	50.31	24.60	803.30	809.58	829.73	1153.53	1069.64 11/5	797.58 3/7	1951.50 16/7/87	71.48 2/12/74
4	Electricals (9)	2456.08	+0.8	7.08	6.15	18.32	68.82	2435.46	2434.60	2457.11	2288.24	2758.50 22/5	2296.79 2/1	3040.80 8/9/89	84.71 25/6/62
5	Electronics (28)	2007.32	+1.1	7.92	4.34	15.99	9.16	1985.75	1987.22	1952.50	1698.57	2080.64 13/5	1655.93 13/1	2308.22 19/5/89	1229.01 8/10/85
6	Engineering-Aerospace (6)	332.64	-0.5	10.96	7.84	11.55	11.27	334.20	333.82	336.28	404.99	406.10 20/5	313.50 14/2	502.42 13/6/90	313.50 14/2/92
7	Engineering-General (43)	499.05	+0.1	8.13	4.79	15.24	9.46	498.65	499.11	507.34	435.67	567.62 20/5	455.80 2/1	567.62 20/5/92	339.57 23/1/91
8	Metals and Metal Forming (8)	317.99	+1.6	0.78	6.94	–	3.60	312.97	306.89	309.94	433.28	379.31 18/5	295.34 10/1	596.67 9/10/87	49.65 6/1/75
9	Motors (14)	337.47	+1.4	7.87	6.97	16.72	10.04	332.92	334.97	342.71	302.00	403.06 21/5	277.78 10/1	411.42 13/10/87	19.91 6/1/75
10	Other Industrial Materials (19)	1738.36	+0.8	7.14	4.76	16.88	34.69	1723.96	1739.03	1773.63	1507.04	1906.65 11/5	1495.58 2/1	1906.65 11/5/92	277.55 15/1/81
21	CONSUMER GROUP (189)	1589.77	+0.5	7.64	3.61	16.87	23.94	1581.62	1595.66	1618.78	1456.63	1761.38 11/5	1565.23 8/4	1761.38 11/5/92	61.41 13/12/74
22	Brewers and Distillers (24)	2038.49	+0.4	8.13	3.63	14.85	29.35	2030.70	2054.93	2075.66	1774.55	2278.85 11/5	1938.05 8/4	2278.85 11/5/92	69.47 13/12/74
25	Food Manufacturing (19)	1240.38	+0.5	8.70	4.26	14.21	23.82	1234.09	1241.72	1253.87	1186.78	1327.80 11/5	1212.43 8/4	1327.80 11/5/92	59.67 11/12/74
26	Food Retailing (18)	2845.92	-0.5	8.52	3.21	15.36	44.70	2858.99	2875.33	2917.55	2639.50	2998.16 18/5	2293.80 10/1	2998.16 18/5/92	54.25 11/12/74
27	Health and Household (24)	3726.98	+1.3	7.40	2.84	15.41	37.81	3680.94	3702.81	3772.06	3555.76	4654.94 14/1	3680.94 2/7	4654.94 14/1/92	175.38 28/5/80
29	Hotels and Leisure (19)	1223.79	-0.2	6.49	5.59	20.07	23.55	1225.76	1241.35	1263.99	1206.10	1450.36 13/5	1210.11 2/1	1845.77 8/9/89	54.83 9/1/75
30	Media (26)	1530.49	+0.7	6.31	3.42	19.59	25.88	1519.24	1533.01	1552.17	1352.67	1721.09 11/5	1402.70 8/1	1721.09 11/5/92	1166.91 16/1/91
31	Packaging, Paper & Printing (17)	769.80	+0.8	6.68	4.29	18.15	14.67	763.70	764.06	773.63	696.05	875.53 13/5	714.55 2/1	875.53 13/5/92	43.46 6/1/75
34	Stores (33)	1023.53	+0.4	7.39	3.61	17.86	16.22	1019.86	1034.07	1050.99	894.56	1135.66 27/4	941.79 3/4	1160.58 29/7/87	52.63 6/1/75
35	Textiles (9)	662.30	+0.2	7.03	4.68	18.00	14.72	660.70	671.13	684.68	535.98	756.70 8/5	587.29 8/1	914.52 2/10/87	62.66 11/12/74
40	OTHER GROUPS (117)	1249.95	+1.0	9.99	5.25	12.49	22.32	1237.54	1246.67	1257.63	1217.00	1359.32 11/5	1140.56 3/4	1359.32 11/5/92	58.63 6/1/75
41	Business Services (17)	1380.27	+2.6	6.29	3.61	19.36	20.78	1345.66	1370.24	1403.17	1253.16	1511.16 11/5	1233.67 8/4	1511.16 11/5/92	892.28 1/2/91
42	Chemicals (22)	1407.60	+0.2	7.51	5.16	16.32	32.18	1404.72	1423.51	1444.29	1385.21	1629.99 8/5	1392.40 10/1	1629.99 8/5/92	71.20 1/12/74
43	Conglomerates (11)	1252.98	+0.9	10.30	7.52	12.12	23.62	1242.40	1237.21	1237.94	1399.58	1509.94 11/5	1237.21 1/7	1819.46 11/8/89	975.19 10/11/87
44	Transport (14)	2461.66	+0.9	8.38	4.76	14.63	51.61	2440.87	2466.16	2522.74	2160.78	2790.11 20/5	2256.85 8/4	2790.11 20/5/92	90.80 29/6/62
45	Electricity (16)	1342.29	-0.7	14.27	5.32	8.85	17.21	1351.57	1362.99	1348.32	1202.05	1362.99 1/7	1044.63 7/4	1362.99 1/7/92	994.96 7/1/91
46	Telephone Networks (4)	1388.98	+2.4	11.19	4.75	11.65	21.77	1356.55	1356.74	1372.09	1432.73	1505.86 22/5	1274.20 3/4	1658.67 2/10/91	517.92 30/11/84
47	Water (11)	2862.93	+0.6	15.50	6.04	7.15	86.85	2846.16	2869.74	2855.59	2322.26	2934.20 11/5	2140.95 8/4	2934.20 11/5/92	1820.20 1/5/90
48	Miscellaneous (22)	1985.68	+0.8	5.75	4.96	23.24	24.35	1964.52	1998.34	2027.82	1989.40	2167.85 11/5	1770.94 3/1	2167.85 11/5/92	60.39 6/7/75
49	INDUSTRIAL GROUP (483)	1289.12	+0.7	8.29	4.48	15.04	21.88	1280.18	1289.72	1305.33	1219.98	1427.97 11/5	1231.76 3/4	1427.97 11/5/92	59.01 13/12/74
51	Oil & Gas (17)	1959.80	....	7.73	7.26	17.00	63.73	1959.79	1958.68	1952.87	2399.57	2226.66 2/1	1937.42 3/4	2528.70 3/8/90	87.23 29/5/62
59	500 SHARE INDEX (500)	1353.73	+0.6	8.23	4.76	15.21	25.11	1345.29	1354.22	1368.56	1319.71	1493.99 11/5	1298.02 3/4	1493.99 11/5/92	63.49 13/12/74
61	FINANCIAL GROUP (85)	731.70	+1.3	–	6.20	–	20.03	722.66	729.99	737.68	779.34	802.65 20/5	637.33 3/4	896.67 13/10/87	55.88 13/12/74
62	Banks (9)	956.10	+2.0	5.04	5.71	31.39	24.58	937.05	945.68	952.77	873.48	1026.34 20/5	790.95 3/4	1026.34 20/5/92	62.44 12/12/74
65	Insurance (Life) (6)	1486.97	....	–	5.99	–	44.26	1486.84	1498.15	1502.60	1478.12	1613.38 21/5	1243.61 6/4	1632.53 4/9/91	44.88 2/1/75
66	Insurance (Composite) (7)	501.53	+2.0	–	6.94	–	13.46	491.93	504.23	520.73	666.94	564.54 13/5	419.96 8/4	768.11 29/12/89	43.96 13/12/74
67	Insurance (Brokers) (10)	826.60	+1.0	9.38	7.65	14.02	29.69	818.21	816.78	816.80	1127.33	1031.35 27/1	816.78 1/7	1399.56 17/7/87	65.86 16/12/74
68	Merchant Banks (7)	468.21	-0.2	–	4.61	–	11.25	469.06	469.94	477.74	421.35	521.89 22/5	405.18 7/4	547.59 12/10/87	31.21 7/1/75
69	Property (31)	624.31	-0.4	9.31	7.34	14.50	19.27	627.12	633.34	638.38	890.77	799.69 20/1	613.80 8/4	1398.87 5/9/89	56.01 20/4/65
70	Other Financial (15)	247.23	+0.4	7.33	7.08	18.45	6.63	246.33	246.49	247.44	258.06	271.79 26/5	221.16 7/4	603.48 16/7/87	33.29 17/12/74
71	Investment Trusts (70)	1146.67	+0.4	–	3.90	–	18.86	1142.37	1138.23	1143.61	1186.04	1273.08 11/5	1112.66 8/4	1323.81 4/1/90	71.12 13/12/74
99	ALL-SHARE INDEX (655)	1204.25	+0.7	–	4.91	–	23.55	1195.93	1204.05	1216.62	1189.05	1326.36 11/5	1142.45 3/4	1326.36 11/5/92	61.92 13/12/74

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Jul 2	Jul 1	Jun 30	Jun 29	Jun 26	Year ago	1992 High	1992 Low	Since Compilation High	Since Compilation Low
FT-SE 100 SHARE INDEX♦	2497.1	+21.0	2500.1	2467.5	2476.1	2493.9	2521.2	2515.8	2534.1	2484.7	2737.8 11/5	2382.7 3/4	2737.8 11/5/92	986.9 23/7/84

FIXED INTEREST

	PRICE INDICES	Fri Jul 3	Day's change %	Thu Jul 2	Accrued interest	xd adj. 1992 to date
	British Government					
1	Up to 5 years (24)	122.95	+0.31	122.57	1.99	6.48
2	5-15 years (24)	140.15	+0.47	139.49	2.51	6.89
3	Over 15 years (11)	151.41	+0.47	150.70	1.02	6.80
4	Irredeemables (6)	168.95	+0.65	167.86	1.41	7.34
5	All stocks (65)	137.26	+0.43	136.68	2.14	6.88
	Index-Linked					
6	Up to 5 years (2)	173.92	+0.09	173.76	0.99	1.83
7	Over 5 years (10)	153.85	+0.21	153.53	0.84	2.40
8	All stocks (12)	155.43	+0.19	155.13	0.86	2.31
9	Debs & Loans (63)	122.59	+0.64	121.82	2.05	6.16

	AVERAGE GROSS REDEMPTION YIELDS		Fri Jul 3	Thu Jul 2	Year ago (approx.)	1992 High	1992 Low
	British Government						
1	Low	5 years	8.12	8.15	9.02	9.43 2/4	7.91 1/6
2	Coupons	15 years	8.69	8.74	9.88	9.72 1/4	8.69 3/7
3	(0%-7¾%)	20 years	8.69	8.74	9.88	9.72 1/4	8.69 3/7
4	Medium	5 years	9.01	9.11	10.26	10.28 1/4	9.01 3/7
5	Coupons	15 years	8.87	8.92	10.09	9.82 1/4	8.84 1/6
6	(8%-10¾%)	20 years	8.84	8.89	10.02	9.76 1/4	8.81 2/6
7	High	5 years	9.22	9.32	10.43	10.50 1/4	9.22 3/7
8	Coupons	15 years	9.02	9.08	10.23	9.96 1/4	9.00 22/5
9	(11%-)	20 years	8.96	9.01	10.12	9.86 1/4	8.95 22/5
10	Irredeemables	†	9.00	9.05	10.06	9.92 2/4	9.00 3/7
	Index-Linked						
11	Inflation rate 5%	Up to 5yrs.	4.00	4.00	4.47	4.14 2/1	3.52 4/3
12	Inflation rate 5%	Over 5 yrs.	4.31	4.32	4.34	4.60 6/4	4.27 17/2
13	Inflation rate 10%	Up to 5 yrs.	3.28	3.28	3.58	3.50 2/1	2.86 4/3
14	Inflation rate 10%	Over 5 yrs.	4.13	4.14	4.16	4.42 6/4	4.07 17/2
15	Debs &	5 years	10.39	10.43	11.97	11.51 6/4	10.30 8/6
16	Loans	15 years	10.13	10.21	11.77	11.22 6/4	10.07 1/6
17		25 years	10.01	10.10	11.58	11.02 6/4	9.98 1/6

♦Opening index 2467.5; 9 am 2474.4; 10 am 2485.4; 11 am 2499.3; Noon 2498.0; 1 pm 2496.7; 2 pm 2497.4; 2.30 pm 2497.4; 3 pm 2496.1; 4.10 pm 2496.1; (a) 10.54am (b) 8.30am

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Business Services	31/12/90	999.65	Telephone Networks	30/11/84	517.92	Food Manufacturing	29/12/67	114.13
Electricity	31/12/90	999.65	Electronics	30/12/83	1646.65	Food Retailing	29/12/67	114.13
Media	31/12/90	1228.68	Other Industrial Materials	31/12/80	287.41	Insurance Brokers	29/12/67	96.67
Engineering - Aerospace	29/12/89	486.00	Health/Household Products	30/12/77	261.77	All Other	10/4/62	100.00
Engineering - General	29/12/89	486.00	Other Groups	31/12/74	63.75	British Government	31/12/75	100.00
Water	29/12/89	1968.45	Industrial Group	31/12/70	128.20	Do. Index-linked	30/4/82	100.00
Conglomerates	31/12/86	1114.07	Other Financial	31/12/70	128.06	Debs & Loans	31/12/77	100.00

† Flat yield. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL. The FT-ACTUARIES SHARE INDICES SERVICE covers a range of electronic and paper-based products relating to these indices. Tel: 071-925 2323. NAME CHANGE: Bowthorpe Holdings (5) is now Bowthorpe.

LIFFE EQUITY OPTIONS

Option		Calls Jul	Calls Oct	Calls Jan	Puts Jul	Puts Oct	Puts Jan
Alld Lyons (*630)	600	38	64	77	3½	15	21
	650	8½	33	48	24	35	41
	700	2	16	28	70	70	73
ASDA (*29)	25	7½	8½	9½	1½	3½	3½
	30	3	7	7	3	6½	5½
	35	1	3	6	7	9	10
Brit. Airways (*265)	240	28	39	44	1½	7	10
	260	12	27	31	6	14	18
	280	4	16	22	19	23	29
SmKl Beecham A (*884)	800	90	115	135	1½	12	22
	850	44	78	102	6½	26	37
	900	14	47	71	30	50	61
Boots (*441)	420	26	44	53	3½	11	16
	460	5	20	29	24	29	34
B.P. (*209)	200	15	23	29	6	12	16
	220	4	13	20	15	22	27
British Steel (*63)	60	5	7	9	1	4½	6
	70	½	3	5	7	9	10
Bass (*543)	525	22	60	65	2	11	11
	550	7	27	34	13	21	29
C & Wire (*522)	500	25	46	57	40	43	45
	550	2½	20	31	89	89	90
Courtaulds (*530)	500	28	49	61	1½	9	15
	550	3	49	34	23	31	35
Com. Union (*466)	460	19	29	41	3	12	15
	500	1½	10	22	22	34	36
Fisons (*218)	200	23	39	45	5½	16	22
	220	12	28	35	14	24	32
GKN (*363)	360	14	24	33	6	20	24
	390	3	13	20	28	40	42
Grand Met. (*455)	450	16	32	–	7	19	–
	475	5	19	–	23	34	–
L.C.I. (*1173)	1150	39	67	97	12	40	48
	1200	14	44	71	35	68	75
Kingfisher (*472)	460	23	40	53	7	15	19
	500	6½	20	32	29	36	41
Ladbroke (*201)	200	9	19	24	6½	16	19
	220	3	10	16	21	28	31
Land Secur (*399)	390	16	30	34	3½	8	13
	420	2	13	18	22	25	28
M & S (*322)	300	24	37	42	2	6	8½
	330	5	17	24	13	16	20
Salesbury (*458)	420	42	57	67	2½	6	10
	460	13	32	42	8½	17	21
Shell Trans. (*495)	460	41	51	59	1½	7½	10
	500	10	20	32	11	23	26
Storehouse (*135)	130	11	18	22	3½	6	10
	140	5	11	17	6	10	14
Trafalgar (*87)	80	16	23	27	4	10	12
	90	8½	18	20	9	15	18
Utd. Biscuits (*353)	330	28	36	42	2	8	10
	360	6	17	24	13	20	22
Unilever (*932)	900	37	67	83	5	18	26
	950	8	38	55	27	43	45

Option		Calls Aug	Calls Nov	Calls Feb	Puts Aug	Puts Nov	Puts Feb
Brit Aero (*242)	220	31	40	45	6	16	23
	240	20	27	34	13	27	35
	260	10	18	23	28	39	48
BAA (*670)	600	80	100	107	3½	7½	13
	650	40	64	74	11	22	28
	700	13	35	47	40	45	51
BAT Inds (*737)	650	93	100	119	4	9½	14
	700	48	65	84	11	23	29
	750	17	38	57	37	48	53
BTR (*460)	390	75	79	84	1	3	5
	420	47	53	62	2½	8½	11
	460	17	27	37	13	25	26
Brit. Telecom (*342)	330	17	24	30	10	14	19
	360	4	11	16½	31	33	35
Cadbury Sch (*458)	420	47	57	68	2½	8	11
	460	18	31	43	13	19	26
Eastern Elec (*278)	260	21	25	30	7½	13	16
	280	8	15	20	20	24	26
Guinness (*534)	500	49	64	73	6½	13	16
	550	16	33	45	28	34	38
GEC (*237)	220	18	22	27	4½	7½	9
	240	4	11½	16	15	17	19
Hanson (*209)	200	14½	19	22	3½	7½	10
	220	3½	8½	12½	13½	18	20
LASMO (*173)	160	24	32	36	9	15	18
	180	14	22	26	20	26	29
Lucas Inds (*116)	110	12	16	17	4	10	11
	120	6	9	13	9	16	17
P. & O. (*417)	390	42	47	57	6	19	24
	420	21	30	40	17	35	38
Pilkington (*124)	120	13	19	21	6	11	12
	130	7	14	17	12	15	18
Prudential (*242)	240	13	19	24	6½	13	15
	260	4	11	15	20	25	27
R.T.Z. (*603)	600	27	45	63	17	38	34
	650	7½	24	39	50	58	62
Scot. & New (*460)	420	42	48	56	5	11	15
	460	11	25	33	22	28	31
Tesco (*262)	260	12	21	27	7	13	15
	280	5½	12	17	19	24	26
Thames Water (*436)	420	26	40	45	6	13	17
	460	6½	18	24	28	34	37
Vodafone (*331)	330	16	30	36	12	17	22
	360	5½	16	22	31	35	38

Option		Calls Sep	Calls Dec	Calls Mar	Puts Sep	Puts Dec	Puts Mar
Abbey Nat. (*283)	260	29	36	42	4	6½	10
	280	15	23	29	11	14	17
	300	6	14	19	23	25	28
Amstrad (*36)	30	8½	10	11	2	3½	4
	35	5½	7½	9	3	5½	6½
	40	3½	5½	7	7	9	9
Barclays (*338)	300	45	48	53	4	7	13
	330	20	29	35	14	18	25
	360	7	16	21	35	38	43
Blue Circle (*209)	194	22	28	–	6	11	–
	213	11	18	–	16	20	–
	232	5	12	–	30	32	–
British Gas (*252)	240	23	27	31	4½	10	12
	260	11	16	20	14	21	22
Dixons (*221)	220	14	24	29	14	17	19
	240	6½	15	21	27	29	30
Eurotunnel (*340)	330	40	60	70	20	28	33
	360	26	45	57	30	43	50
Glaxo (*657)	650	48	67	84	31	48	58
	700	26	45	59	61	77	84
Hillsdown (*153)	140	20	26	29	4	7½	9
	160	9	14	18	12	16	19
Lonrho (*75)	70	11	14	16	4	7	9
	80	4½	9	11	9½	12	15
Midland Bk (*470)	460	31	46	–	16	24	–
	500	13	27	–	40	46	–
National Power (*246)	235	19	–	–	7	–	–
	260	5	13	16	22	24	26
Reuters (*1140)	1100	85	128	155	35	47	62
	1150	58	97	130	57	74	84
R. Royce (*148)	140	14	18	22	6	8	11
	160	4½	9	13	16	20	21
Scottish Power (*183)	180	10	11½	14	8	9	10½
	190	5	6½	–	14½	15	–
Sears (*80)	80	7	9	12	3½	6½	7
	90	3½	5	7	11	13	14
Forte (*184)	180	17	23	28	9	14	16
	200	8	13	19	21	26	28
Thorn EMI (*791)	750	11	70	80	102	25	30
	800	5	41	52	47	50	57
TSB (*139)	130	14	18	20	5	7	9
	140	7½	12	15	9	12	14
Vaal Reefs (*$44)	40	8½	9	9½	2	2½	4
	45	5½	5½	7	4	5	6½
Wellcome (*876)	850	68	97	120	28	47	59
	900	40	70	95	53	73	83

EURO FT-SE INDEX (*2496)

	2375	2425	2475	2525	2575	2625	2675	2725
CALLS								
Jul	135	89	50	22	8	3½	1½	1
Aug	–	118	85	60	38	22	12	7
Sep	176	139	107	79	55	37	25	15
Dec	–	200	–	139	–	90	–	53
Mar	–	240	–	180	–	125	–	85
Jun	–	275	–	210	–	160	–	120
PUTS								
Jul	5	10	23	43	79	122	170	220
Aug	–	28	45	65	95	128	167	211
Sep	30	38	53	75	97	129	166	206
Dec	–	54	–	89	–	138	–	190
Mar	–	60	–	92	–	138	–	190
Jun	–	70	–	100	–	140	–	185

FT-SE INDEX (*2496)

	2350	2400	2450	2500	2550	2600	2650	2700
CALLS								
Jul	160	115	71	34	12	3	1½	1
Aug	180	139	101	68	43	24	14	8
Sep	200	160	123	91	63	43	28	17
Oct	–	176	140	108	82	61	42	29
Dec	–	218	–	150	–	93	–	55
Jun †	–	290	–	235	–	175	–	130
PUTS								
Jul	4½	7	14	30	63	109	159	209
Aug	13	21	34	53	80	114	159	209
Sep	20	30	44	62	89	121	159	209
Oct	–	38	52	72	96	128	167	209
Dec	–	47	–	86	–	138	–	215
Jun †	–	70	–	100	–	155	–	220

July 3 Total Contracts 31,570
Calls 15,326 Puts 16,244
FT-SE Index Calls 6,177 Puts 6,668
Euro FT-SE Calls 1,074 Puts 1,041
Eurotrack 100 Index Calls 0 Puts 0
*Underlying security price. † Long dated expiry months
Premiums shown are based on middle prices.

TRADITIONAL OPTION 3-month call rates

■ INDUSTRIALS	p	Charter Cons.	37	Ladbroke	18	Sears	8½	■ OILS	
Allied-Lyons	49	Comm Union	34	Legal & Gen	29	SmKl Bchm A	60	Aviva Pet	25
Amstrad	6	Courtaulds	43	Lex Service	22	TI	55	BP	18
Astec (BSR)	3	Eurotunnel	32	Lloyds Bank	32	TSB	11½	Burmah Castrol	46
BAT Inds	58	FKI	6	Lonhro	12	Tesco	22	Conroy Pet	6½
BOC	53	FNFC	7	Lucas Inds	12½	Thorn EMI	63	Gaelic Res	½
BTR	35	Forte	19	Marks Spencer	27	T & N	11½	Premier Cons	2¾
Barclays	29	GKN	33	Midland Bank	30	Unilever	70	Shell	35
Blue Circle	24	Gen Accident	38	NatWest Bank	26	Vickers	15	Tushar Res	½
Boots	34	GEC	17	P & O Dfd	37	Wellcome	75	■ MINES	
Bowater	60	Glaxo	62	Racal Elect	5½	■ PROPERTY		RTZ	47
Brit Aerospace	26	Grand Met	38	RHM	18	Brit Land	18		
British Steel	7	GRE	13	Rank Org	55	Land Sec.	30		
BT	25	Hanson	18	Ratners	3	MEPC	26		
Cadburys	38	ICI	95	Reed Intl	44	Mountleigh	1½		

ITT nets $600m quarterly gain on Alcatel share sale

By Alan Friedman in New York

ITT, the US conglomerate, said it would record a third-quarter extraordinary gain of $600m as a result of the sale of its 30 per cent shareholding in Alcatel, the French telecommunications company, to Alcatel Alsthom, Alcatel's French parent company.

The Alcatel share disposal – which will involve the payment to ITT of $3.7bn in cash and stock between now and 1994 – was first announced in March and completed yesterday.

ITT said it might use some of the proceeds of the disposal to buy back its own shares: the ITT board in May approved the repurchase of up to 35m shares.

Alcatel was first formed in 1986 when ITT sold its European telecommunications businesses to Compagnie Generale d'Electricité of France (CGE) in exchange for $1.3bn and 37 per cent of the combined CGE-ITT operations.

Two years ago ITT began disengaging from the Alcatel shareholding by selling a 7 per cent stake in Alcatel to CGE for $640m, thus reducing its equity interest in Alcatel from 37 to 30 per cent.

The Alcatel share sale involves an immediate $1bn cash payment to ITT from Alcatel-Alsthom, which was ITT's joint venture partner in Alcatel.

Rand Araskog: joins board of Alcatel Alsthom

As part of the transaction, ITT also received 9.1m newly issued shares in Alcatel Alsthom, giving the US group a 7 per cent stake that had a value of $1.1bn based on Thursday's closing share price of FFr638 ($125.09). ITT has agreed to retain these shares for five years.

The balance of the $3.7bn of payments to ITT will come in the form of cash over the next two years.

A year from now ITT will be paid $766.8m, while the final payment of $816.6m will occur in July 1994.

Rand Araskog, ITT chairman, has meanwhile been named to the board of Alcatel Alsthom.

Braniff decides to call it a day

By Alan Friedman

BRANIFF International Airlines, a small US airline that last year filed for protection from creditors under Chapter 11 of US bankruptcy law, said yesterday it had ceased all operations, including all regularly scheduled flight service.

The privately held Texas-based airline, which did not reveal any of its operating figures, assets or liabilities, attributed the shutdown to the US fare wars that resulted in ticket prices which undercut Braniff's fares and caused substantially lower yields.

Braniff also said "a substantial amount" of summer airline traffic, normally a high volume period, was diverted to the major carriers.

Braniff said it was unable to meet its current obligations because the reduced prices available at the bigger airlines, together with the loss of passenger traffic, had negatively affected its cash flow.

The company added it was considering legal action over the pricing practices which led to its halt in trading.

Passengers holding Braniff tickets were advised to contact other airlines to see if the tickets would be accepted.

The present incarnation of Braniff was formed in 1989 when the original Braniff Inc went bankrupt and two property developers – Mr Jeffrey Chodorow and Mr Arthur Cohen – paid $313,000 for the Braniff name and operating manuals.

The investors then bought Emerald Air, another bankrupt airline, and changed its name to Braniff.

Continental fends off Pirelli voting plan

by David Waller in Hanover

RELATIONS between Pirelli and Continental, two of Europe's biggest tyre groups, plumbed new depths of hostility yesterday when Pirelli was out-manoeuvred in its attempt to remove shareholder voting restrictions at Continental.

The defeat for the Italian company, which last year abandoned plans to merge with the German group, came at Continental's annual general meeting in Hanover.

In front of several hundred shareholders Mr Ulrich Weiss, chairman of the Continental supervisory board, ruled that the voting rights on Pirelli's direct and indirect shareholding in Continental would remain limited to 5 per cent.

This was the second time that Pirelli had sought to remove a rule which limits shareholders' votes in Continental to 5 per cent no matter how big that shareholders' stake. Pirelli has 5 per cent of Continental and options over a further 33.4 per cent.

However, Pirelli was able to inflict an immediate counterblow by withholding its support for Continental's move to increase its nominal share capital by DM150m ($96.6m) as a prelude to a rights issue.

For technical reasons, Pirelli was able to vote its full holding on this point and the motion obtained only a 50 per cent vote compared to the required 75 per cent.

Mr Weiss's decision over voting rights provoked a furious reaction from Mr Gert Silber-Bonz, chairman of Pirelli's German operations.

He delivered a short statement to say that Pirelli was "dismayed" at the "absolutely unwarranted decision". He said Pirelli would challenge the decision and all others taken by the meeting in the courts.

Weiss: warned of threat to Continental's independence

The decision – which was greeted with cheers from many small shareholders – came despite a last-minute bid from Pirelli to persuade Continental that its option agreement did not breach the rule which limits its votes in Continental to 5 per cent.

Mr Weiss, a main board director at Deutsche Bank with responsibility for its Italian operations, told the meeting that Continental's independence would be threatened if Pirelli were allowed to exercise its full voting rights.

"I believe that the elimination of voting rights restrictions is not in the interest of the company at the present time," he said, "or of small independent shareholders. If Pirelli made use of its option, it would have control of the company".

Yesterday's events are likely to provoke a prolonged bout of litigation between the two companies. It was in December last year that they abandoned merger talks after more than a year of often acrimonious negotiations.

Last year Pirelli won a vote to get rid of the voting restrictions, but this decision was never enacted pending an appeal to the Hanover court. The court recently annulled the decision, on the basis that Pirelli failed to reveal that it spoke more than 25 per cent of Continental's shares.

Continental's chairman, Hubertus von Gruenberg, expressed disappointment a the failure of the capital move.

He said Continental would consider listing its Contitech unit on the German stock market next year and would also consider other measures to raise funds.

Goodman Fielder buys Dutch food interests for A$200m

By Bruce Jacques in Sydney

GOODMAN Fielder Wattie (GFW), the Australian foods group, is set to become one of the largest flour millers in continental Europe following agreement to acquire assets from Wessanen, the Dutch foods producer, for some A$200m (US$149m).

The assets to be acquired include four flour mills, three bakeries and one starch plant and will be made through GFW's Dutch-based subsidiary, Meneba. GFW expects to complete the deal in about three months.

Mr Michael Nugent, GFW managing director, yesterday described the purchase as the largest and single most important step in the company's European development since the Meneba acquisition in 1988.

"GFW's share of the Dutch flour market will increase from about 35 per cent to about 62 per cent and its share of the Dutch baked foods market will increase by about 3 percentage points to 25 per cent," he said. "GFW's stated strategy in Europe specifically targets milling and baking as the key areas for development."

The agreement caps a week of deals for GFW. The company has announced the A$330m acquisition of Uncle Tobys, the leading Australian cereals group; and it has given details of a planned A$330m flotation for Wattie, its New Zealand-based arm.

Mr Nugent said the three deals would increase GFW's sales, profits and earnings per share in the first year. The company's gearing ratio was also expected to return to its current level of about 65 per cent within a year.

Wessanen said yesterday that it wants to use the money generated by the sale of its grain division to finance acquisitions in Europe, Reuter reports from Amsterdam. "We hope to have made some acquisitions before the end of this year," the company said.

Acquisitions are sought in the cheese, breakfast cereals, ice cream and frozen snacks sectors. Wessanen is in talks with several European companies, Wessanen said.

Adidas future uncertain as Jäggi's DM1bn buy-out offer lapses

By Andrew Fisher in Frankfurt and Alice Rawsthorn in Paris

THE FUTURE ownership of Adidas, the German sports shoe and clothing company remained uncertain yesterday after the lapsing this week of the management buy-out offer made by René Jäggi, the chief executive, and a group of investors.

The offer, worth nearly DM1bn ($645m) and including a capital injection as well as the purchase price, was put on June 26 to Mr Bernard Tapie, the French financier who bought Adidas two years ago. But no response was received from his company, Bernard Tapie Finances (BTF), and the offer lapsed after its deadline of last Tuesday had been extended a day.

The buy-out proposal, headed by Charterhouse Development Fund of the UK, included several institutional investors who are thought to remain interested in the German company. It was put together by Botts, a small London-based investment bank. Adidas had no comment.

In Paris, BTF also declined to comment about Mr Jaggi's offer.

The company, which is about to clear its short term debt on the FFr2.2bn ($432m) acquisition of Adidas but is still burdened by long term borrowings, claimed this week it had received two other offers for Adidas as well as the management package.

Under the terms of BTF's agreement with Adidas' other shareholders, they not only have pre-emptive rights over its controlling 55 per cent stake in the company but can also demand that any offer for that holding be extended to them.

Pentland, the UK consumer products company which holds 20 per cent of Adidas, has made no secret of its hopes of taking control, but has stressed it would only do so "at the right price".

DM600m operating loss at Lufthansa

By Andrew Fisher in Frankfurt

LUFTHANSA, the German national airline, made an operating loss of DM600m ($375m) in the first five months of this year and is talking with trade unions about increases in working hours and delays in pay increases.

"We have to move a big mountain," said Hans-Helmut Ebersbach, personnel director, about the need to reduce labour costs. Because of higher living expenses, pay reductions were out of the question. "So we have to be more efficient with fewer employees at the same income levels," he said in an internal publication.

The airline, in which just over half the shares are owned by the state, incurred a pre-tax loss of DM386m during the first quarter of 1992.

It said yesterday that it did not expect to end this year in the black. The public sector workers' strike in May, which led to airport disruptions, cost the group a further DM60m in lost profits.

Under its new chief executive, Jürgen Weber, Lufthansa has emphasised the need to lift productivity and reduce costs at a time of intense competition.

Like other airlines, it has suffered from price competition across the Atlantic and wants agreement with a US airline to increase its penetration of North America.

Mr Weber has also inveighed against what he regards as the restrictive attitude of the US government towards allowing greater access to European airlines.

Last year, Lufthansa made a loss of DM301m before tax against a profit in 1990 of DM142m.

Banco del Gottardo has good first half

By Ian Rodger in Zurich

BANCA del Gottardo reports an 11 per cent rise in cash-flow to SFr50.1m ($36.50m) in the first half, but warned that the unfavourable economic situation and the need for high loan loss provisions would make it difficult to do as well in the second half.

The bank, in which Sumitomo Bank of Japan has a controlling stake, said the strong result was due mainly to a surge in foreign exchange trading. Also, in spite of a considerable contraction in new issue activity, commission business developed satisfactorily.

OMV and Verbund to merge

By Eric Frey in Vienna

UNDER A reorganisation plan for Austria's state-owned industrial companies, the government is planning to merge OMV, the oil company, with Verbundgesellschaft, the largest utility.

The move would create an energy group with a turnover in excess of Sch85bn ($4.2bn) and would help relieve the financial strains at Austrian Industries, the state holding company which owns 72 per cent of OMV.

Verbund itself is 51 per cent controlled by the government, with the rest of the company's equity publicly owned and listed on the Vienna bourse.

Verbund is expected to acquire at least 50 per cent of OMV, which is worth about Sch10bn at stock market prices, although Walter Fremuth, Verbund chairman, has said he would pay less than market value for the OMV stake.

The deal would give Austrian Industries a much needed cash injection and bolster the group's plans for a public flotation in 1993. These have been threatened by heavy and continuing losses at AMAG, the group's aluminium offshoot.

Analysts believe a slimmed-down Austrian Industries reduced to its remaining steel, aluminium and engineering activities, would pose less of a problem in terms of profit prospects, borrowings and investment attractions in the event of a public issue of shares.

But the loss of OMV would constitute a setback for Austrian Industries chairman Hugo Michael Sekyra, who until recently had hoped to float the group as a whole on to the Vienna bourse.

However, the merger of OMV and Verbund has still to cross a number of hurdles, notably the tangled webb that constitutes the Austrian political scene.

The planned reorganisation is the brainchild of the new minister of transportation and nationalised industries, Viktor Klima, a Social Democrat and former OMV executive.

In contrast, Verbund is under the control of the ministry of economics, which is the in hands of the opposing conservative People's Party.

W&A in scaffolding deal

By Philip Gawith in Johannesburg

W&A INVESTMENT, the diversified South African consumer and industrial group, has bought a "substantial" foreign scaffolding business for R118m ($42.7m).

Mr Jeff Liebesman, W&A chairman, said it was too sensitive to disclose the name of the company.

Local sources have named the target as the Kwikform scaffolding business of Australia.

W&A has financed the initial payment of R83.5m through a vendor placing of 22m convertible debentures and 1m new shares, all valued at R4 each.

W&A says it expects substantial rationalisation benefits from the transaction and, in the medium term, a significant contribution to profits.

The acquisition will make W&A one of the world's largest scaffolding companies.

WORLD COMMODITIES PRICES

WEEKLY PRICE CHANGES	Latest prices	Change on week	Year ago	High 1992	Low 1992
Gold per troy oz.	$346.00	+2.35	$369.40	$358.40	$335.20
Silver Per troy oz	212.425	+0.925	278.55p	242.70p	210.00p
Aluminium 99.7% (cash)	$1323	+60	$1325.5	$1339.0	$1105.5
Copper Grade A (cash)	£1312.5	+60.0	£1397.0	£1318.5	£1125.0
Lead(cash)	£318.5	+20.5	£345 00	£322.5	£278.50
Nickel (cash)	$7642.5	+420.0	$8452.5	$8195.0	$7065 0
Zinc SHG (cash)	$1300.0	-56.0	$1086	$1457.5	$1106.5
Tin (cash)	$7015.0	+65.0	$5695.0	$7115.0	$5425.0
Cocoa Futures (Sep)	£589	+64	£597	£773	£523
Coffee Futures (Sep)	$716	+30	$551	$1013	$676
Sugar (LDP Raw)	$251 0	-15.6	$264	$271	$193
Barley Futures (Nov)	£113 70		£114.25	£123 90	£106.90
Wheat Futures (Nov)	£115.00		£115 3	£131.85	£109.85
Cotton Outlook A Index	65.60c	-0.30	83.30c	65.90c	52.25c
Wool (64s Super)	377p	-16	387p	480p	377p
Oil (Brent Blend)	$20.80x	-0.475	$18.70	$21.30	$17.00

Per tonne unless otherwise stated †Unquoted p-pence/kg, c-cents lb x-Aug

US markets were closed yesterday for the Independence Day holiday

London Markets

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$18 70-8 80	+0 10
Brent Blend (dated)	$20.60-0 70	+0.10
Brent Blend (Aug)	$20 75-0 85	+.075
W.T.I (1 pm est)	$21.95-1 05z	

Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$229-231	
Gas Oil	$189-190	+1
Heavy Fuel Oil	$84-86	
Naphtha	$203-204	+1
Petroleum Argus Estimates		

Other		+ or -
Gold (per troy oz)♣	$346 00	-0.25
Silver (per troy oz)♣	405 0c	-1 0
Platinum (per troy oz)	$386.00	-1 90
Palladium (per troy oz)	$83.50	+0 25
Copper (US Producer)	115.75c	+2 1
Lead (US Producer)	37 38c	
Tin (Kuala Lumpur market)	17 50r	-0.31
Tin (New York)	327.50c	-2.0
Zinc (US Prime Western)	62.0c	
Cattle (live weight†	108.72p	-2.03*
Sheep (live weight)†♣	73 91p	-1.81*
Pigs (live weight)†	65.07p	-4.12*
London daily sugar (raw)	$251 0w	+1 0
London daily sugar (white)	$291.0w	+1.0
Tate and Lyle export price	£239 5	
Barley (English feed)	Unq	
Maize (US No. 3 yellow)	£149.0y	
Wheat (US Dark Northern)	Unq	
Rubber (Aug)♥	50 50p	+0 75
Rubber (Sep)♥	50.50p	+0.75
Rubber (KL RSS No 1 Jul)	221.0r	
Coconut oil (Philippines)§	$570.0t	-2.5
Palm Oil (Malaysian)§	$387.5z	
Copra (Philippines)§	$370 0y	
Soyabeans (US)	£138.5	-2.0
Cotton "A" Index	65 60c	+0 10
Wooltops (64s Super)	377p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg t-Aug/Sep y-July w-Jul/Aug z-Aug. . †Meat Commission average fatstockprices * change from a week ago ♥London physical §CIF Rotterdam ♣ Bullion market close. m-Malaysian cents/kg ♣Sheep prices are now live weight prices †† previous figure should have been 250.5

SUGAR – London FOX			($ per tonne)
Raw	Close	Previous	High/Low
Aug	223.0	223 00	222.0
Oct	209 0	209 60	209.0
Dec	198.0	196 00	191 0
White	Close	Previous	High/Low
Aug	288.00	286 60	288 00 287.50
Oct	264.50	263.50	264 00 262.50
Dec	264.50	263 90	264 00
Mar	267.50	266.50	267 00
Oct	267.20	266.20	268.50 266.00

Turnover: Raw 51 (630) lots of 50 tonnes. White 736 (1655)
Paris- White (FFr per tonne): Aug 1482.77 Oct 1368 99

CRUDE OIL – IPE			$/barrel
	Close	Previous	High/Low
Aug	20.80	20 75	20.84 20 78
Sep	20.79	20 72	20.79 20 74
Oct	20.70	20.67	20.72 20.70
IPE Index	20 67	20.58	

Turnover 7897 (23611)

GAS OIL – IPE			$/tonne
	Close	Previous	High/Low
Jul	189.50	188.75	189 50 188 50
Aug	191 00	189.75	191.25 189.75
Sep	193.00	191.50	193.00 192.00
Oct	195.00	194.25	195.00 194.50
Nov	196.50	195 50	196 75 196.25
Dec	197.25	196.50	197.75 197.00
Jan	195.25	194.50	196.00 195.00
Feb	192.25	190.00	192.75 192.00
Mar	187.00		189.25 188.25

Turnover 6277 (11739) lots of 100 tonnes

SPICES

Demand for pepper has increased in the wake of the attractive prices quoted for almost all black and white grades, reports Man-producten. The weaker US dollar and the soft undertone of the market makes prices in European currencies extremely cheap. Indonesian white pepper is offered at $1.175 a tonne cif and black pepper grade 1 from various origins at $900 cif. Sarawak's new crop is being harvested: the Indonesian and Brazilian crops are to be expected soon.

COCOA – London FOX			£/tonne
	Close	Previous	High/Low
Jul	570	563	567 548
Sep	590	575	592 568
Dec	616	604	617 596
Mar	641	633	642 625
May	657	650	656 642
Jul	671	666	670 664
Sep	689	684	686 680
Dec	716	711	711 708

Turnover 6674 (4977) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Jul 2 741.36 (744.66) 10 day average for Jul 3 698 95 (693.68)

COFFEE – London FOX			$/tonne
	Close	Previous	High/Low
Jul	702	709	715 699
Sep	717	722	727 712
Nov	735	744	744 730
Jan	755	762	756 752
Mar	772	771	775 770
May	788	786	792

Turnover 1195 (3049) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Jul 2: Comp. daily 47.79 (46.98) 15 day average 47.63 (47 61)

POTATOES – London FOX			£/tonne
	Close	Previous	High/Low
Apr	85.0	85.5	85.0

Turnover 182 (41) lots of 20 tonnes.

SOYAMEAL – London FOX			£/tonne
	Close	Previous	High/Low
Aug	121.00	120 00	

Turnover 0 (0)lots of 20 tonnes.

FREIGHT – London FOX			$10/index point
	Close	Previous	High/Low
Jul	1010	1001	1010 997
Aug	1030	1020	1030 1020
Oct	1175	1180	1185 1175
Jan	1217	1215	1217
BFI	1053	1062	

Turnover 109 (77)

GRAINS – London FOX			£/tonne
Wheat	Close	Previous	High/Low
Sep	112.00		112.00
Nov	115.00	114 85	115.10 114.95
Jan	118.40	118.20	118.45 118 35
Mar	121.40	120.70	121.40 121.30
May	124.25	124.00	124.25 124.15
Jun	125.70		125.70
Barley	Close	Previous	High/Low
Sep	110 40	109 85	110.40 110.10
Nov	113.70	113.00	113.70 113.35
Jan	117 00	115 90	117 00 116.45
Mar	119 15	117.75	119.15 118.60
May	120.40		120.40 120.00

Turnover: Wheat 312 (116) . Barley 555 (81). Turnover lots of 100 Tonnes.

PIGS – London FOX	(Cash Settlement) p/kg		
	Close	Previous	High/Low
Jul	111 0	110.5	110.0

Turnover 7 (0) lots of 3,250 kg

LONDON BULLION MARKET (Prices supplied by N M Rothschild)

Gold (troy oz)	$ price	£ equivalent
Close	345.80-346.20	
Opening	345 60-346.00	
Morning fix	345.80	180.442
Afternoon fix	345.70	181.375
Day's high	346.10-346 40	
Day's low	345.50-345 80	

Loco Ldn Mean Gold Lending Rates (Vs US$)			
1 month	3.14	6 months	3.06
2 months	3.09	12 months	3.14
3 months	3.07		

Silver fix	p/troy oz	US cts equiv
Spot	210.90	404.00
3 months	216 00	407.45
6 months	221.00	411.10
12 months	231 35	419.75

GOLD COINS	$ price	£ equivalent
Krugerrand	345 00-347.00	180.00-182.00
Maple leaf	355.85-358.15	-
New Sovereign	82.00-84.00	43.00-45.00

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Jul	Sep	Jul	Sep
1250	98	24	6	12
1350	30	58	40	44
1450	5	21	113	105
Copper (Grade A)	Calls		Puts	
2350	142	138	10	36
2450	70	81	37	74
2550	26	41	92	132
Brent Crude	Aug	Sep	Aug	Sep
2050	47		17	
2100	18	39		
2150	7			

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open Interest
Aluminium, 99.7% purity ($ per tonne)					Total daily turnover 22,751 lots	
Cash	1322.5-3.5	1309-10	1315	1315-8		
3 months	1347-7.5	1334-5	1350/1338	1340-0.5	1343-4	165,701
Copper, Grade A (£ per tonne)					Total daily turnover 48,728 lots	
Cash	1312-3	1270.5-1.5		1306-7		
3 months	1315-5.5	1279.5-80.0	1316/1303	1306.5-7.0	1313-3.5	123,368
Lead (£ per tonne)					Total daily turnover 5,418 lots	
Cash	318-9	322-3	318/317	318-7		
3 months	329-30	332.5-3.0	334/328	328-8.5	328-9	22,779
Nickel ($ per tonne)					Total daily turnover 8,906 lots	
Cash	7640-5	7640-50		7635-40		
3 months	7718-20	7618-20	7720/7640	7710-2	7720-5	23,842
Tin ($ per tonne)					Total daily turnover 2,037 lots	
Cash	7010-20	7000-10		7030-40		
3 months	7040-50	7020-30	7160/7040	7080-5	7070-80	10,887
Zinc, Special High Grade ($ per tonne)					Total daily turnover 15,020 lots	
Cash	1289-881	1308-9		1296-7		
3 months	1284-5	1280-7	1298/1284	1283-4	1285-6	65,428

LME Closing £/$ rate: SPOT: 1.9090 3 months: 1.8808 6 months: 1.8488 9 months: 1.8249

INDICES				
REUTERS (Base: September 18 1931 = 100)				
	Jul.3	Jul.2	mnth ago	yr ago
	1547.1	1545.8	1588.1	1738.7
DOW JONES (Base: Dec. 31 1974 = 100)				
	Jul.2	Jul.1	mnth ago	yr ago
Spot	118.91	118.74	-	-
Futures	119.79	119.87	-	-

Cargill sheds its secretive image

By Alan Friedman

CARGILL, the Minnesota-based grain trading and commodity trading empire that ranks as the biggest privately-held company in the US, yesterday announced a 28 per cent rise to $450m in earnings for the year ended May, 1992.

The publication of the profits, which marked the first time Cargill had done so in its 127-year history, is part of an attempt by the company to shed its secretive image.

Cargill said cash-flow for the 12 months increased to just over $1bn from $885m in the 1990-91 period. The group's turnover for 1991-92, which was not disclosed, is believed to have been about $49bn.

The company, which is majority controlled by the Cargill and MacMillan families, did not provide any breakdown of earnings or turnover. It is believed, however, that the grain trading business, which accounts for much of Cargill's revenues, was hurt by the slump in US farm exports. Cargill is estimated to handle about a quarter of total US grain exports.

Cargill employs a workforce of more than 60,000 people in 54 countries and divides its operations into five main divisions.

These are its grain and commodity trading; its industrial holdings in steel cutting, fertiliser production, salt mining and resin manufacture; its meat business; its agricultural operations in feed and seeds; and its food supply division.

Mannesmann earnings lag at 5 months

MANNESMANN earnings fell during the first five months of 1992, Reuter reports from Duesseldorf.

Group sales rose 21 per cent to DM10.4bn ($6.8bn), mainly due to the first time inclusion of new units, Werner Dieter, management board chairman, told the annual meeting.

Mr Dieter gave no profit figures but said that incoming orders jumped by 25 per cent to about DM13bn during the five months, compared with the same period in 1991.

Mannesmann said earnings in the current year are under pressure from start-up costs for its D-2 mobile telephone system and new acquisitions. Outlay for the D-2 network will peak this year, it said.

In the engineering and plant divisions, incoming orders rose 8 per cent to DM5.6bn while the division's sales rose 4 per cent to DM3.8bn. Sales in the transport technology division advanced 36 per cent with a 20 per cent rise in orders.

Five-months sale were flat in its hydraulic engineering division but incoming orders increased 9 per cent to DM1.4bn.

● Triumph Adler, the German arm of the Olivetti group, told the annual meeting yesterday that sales in the first five months of 1992 were holding level, but orders, especially domestic orders, showed a clear decline since the start of May.

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Lira under heavy pressure

RUMOURS swept through the markets yesterday, forcing at least two European central banks to intervene to support their currencies.

With the New York markets closed and next week's summit of the Group of Seven industrialised nations imminent, the day was ripe for speculation, and the lira bore the brunt.

The trouble began in the morning. Rumours, ranging from a D-Mark revaluation this weekend - which would put pressure on the weaker European currencies - to Italian banks being ordered to stop trading lire, combined to put the Italian currency under heavy pressure.

The Bank of Italy firmly denied that it had ordered Italian banks to stop quoting lira prices but as the currency dropped to 760.25 per D-Mark, two lira down on its mid-day fixing, it was forced to intervene twice during the afternoon. The plunge took the currency to within five lire of its floor against the D-Mark in the European Monetary System grid.

The lira has been under pressure since the Danish rejection of the Maastricht treaty at the start of June. Investors are afraid that Italy will not get its public accounts into order without the discipline of European economic convergence rules. But yesterday's run on the currency, coming only a day after Italy's new treasury minister said a stable lira was the centre of the government's economic policy, reflected just how nervous investors have become.

The lira recovered some ground to trade at 759.20 to the D-Mark by mid-afternoon. It closed at 757.5 per D-Mark.

The lira speculation added to nervousness about the peseta and the Bank of Spain announced that it too was intervening to support the currency. Worries about public spending being out of control have undermined Spanish markets in recent weeks.

The pound did not escape the traumas. It moved in line with the weaker currencies, dragged down by the D-Mark's gain. The French franc held its own against the D-Mark.

One other rumour doing the rounds was that sterling would join the narrow bands of the ERM this weekend accompanied by a cut in base rates. The UK currency fell quite heavily during the afternoon but bounced back to close at DM2.8950 against a previous close of DM2.9025.

"If there was any central bank support it was done very secretly," said one dealer.

There was one beneficiary of the turmoil - the dollar. "The dollar simply drifted while attention focused on the weaker ERM currencies," said Mr Michael Feeny, market analyst at Sumitomo Bank. The US currency edged a little higher in late trade, closing in London at DM1.5165 against a previous close of DM1.5135.

£ IN NEW YORK

July 2	Close	Previous Close
£ Spot	1.9230-1.9240	1.9040-1.9050
1 month	1.02-1.01pm	1.00-0.98pm
3 months	2.93-2.90pm	2.96-2.93pm
12 months	10.20-10.12pm	9.97-9.87pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

CURRENCY MOVEMENTS

CURRENCY RATES

OTHER CURRENCIES

*Floating rate. Iran Official rate £121.49 504.08

FORWARD RATES AGAINST STERLING

	Spot	1 mth	3 mths	6 mths	12 mths
US Dollar	1.9075	1.8973	1.8785	1.8521	1.8073
D-mark	2.8950	2.8946	2.8945	2.8943	2.8932
French Fr	9.7500	9.7300	9.6685	9.7338	9.7252
Swiss Fr	2.5900	2.5881	2.5855	2.5808	2.5697
Yen	238.00	236.90	234.31	231.60	225.89

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Jul 3	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Portuguese Escudo	178.735	170.747	−4.47	6.13	73
Spanish Peseta	133.631	129.437	−3.14	4.67	53
Belgian Franc	42.4032	42.1657	−0.56	1.96	28
D-Mark	2.05586	2.04840	−0.36	1.75	24
Dutch Guilder	2.31643	2.30893	−0.32	1.71	16
French Franc	6.89509	6.89227	−0.04	1.43	3
Irish Punt	0.767417	0.767896	0.06	1.32	−2
Danish Krone	7.84195	7.87011	0.36	1.02	−16
Italian Lira	1538.24	1552.64	0.94	0.45	−46
Sterling	0.696904	0.706560	1.39	0.00	−29

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
Adjustment calculated by Financial Times.

POUND SPOT - FORWARD AGAINST THE POUND

Jul 3	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.8930 - 1.9220	1.9085 - 1.9095	1.03-1.01cpm	6.41	2.92-2.89pm	6.09
Canada	2.2890 - 2.3000	2.2900 - 2.2910	0.88-0.81cpm	4.43	2.46-2.34pm	4.19
Netherlands	3.2570 - 3.2680	3.2575 - 3.2675	¼cpm-par	0.23	¾-¼pm	0.31
Belgium	59.45 - 59.80	59.70 - 59.80	4-1cpm	0.50	8-2pm	0.33
Denmark	11.1100 - 11.1575	11.1475 - 11.1575	¼-1¾oredis	−1.01	1¼-2¾dis	−0.72
Ireland	1.0876 - 1.0890	1.0875 - 1.0885	0.03ppm-par	0.17	0.11-0.04pm	0.28
Germany	2.8930 - 2.8985	2.8925 - 2.8975	¼pfpm-par	0.26	¼pm-par	0.09
Portugal	240.25 - 242.80	242.30 - 242.80	51-120cdis	−4.23	143-335dis	−3.94
Spain	182.50 - 183.50	183.20 - 183.50	35-44cdis	−2.59	112-128dis	−2.62
Italy	2192.45 - 2198.65	2192.00 - 2193.00	7-9liredis	−4.38	20-22dis	−3.49

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

EURO-CURRENCY INTEREST RATES

Long term Eurodollars: two years 4⅞-4¾ per cent; three years 5½-5⅜ per cent; four years 6-5⅞ per cent; five years 6⅛-6¼ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

July 3	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C$	B Fr.	Pta.	Ecu
£	1	1.909	2.895	238.0	9.750	2.590	3.263	2193	2.291	59.75	183.5	1.416
$	0.524	1.	1.517	124.7	5.107	1.357	1.709	1149	1.200	31.30	96.12	0.742
DM	0.346	0.659	1	82.21	3.368	0.895	1.127	757.5	0.791	20.64	63.39	0.489
YEN	4.202	8.021	12.16	1000.	40.97	10.88	13.71	9214	9.626	251.1	771.0	5.950
F Fr.	1.026	1.958	2.969	244.1	10.	2.656	3.347	2249	2.350	61.28	188.2	1.452
S Fr.	0.386	0.737	1.118	91.89	3.764	1	1.260	846.7	0.885	23.07	70.85	0.547
H Fl.	0.306	0.585	0.887	72.94	2.988	0.794	1	672.1	0.702	18.31	56.24	0.434
Lira	0.456	0.870	1.320	108.5	4.446	1.181	1.488	1000.	1.045	27.25	83.68	0.646
C$	0.436	0.833	1.264	103.9	4.256	1.131	1.424	957.2	1	26.08	80.10	0.618
B Fr.	1.674	3.195	4.845	398.3	16.32	4.335	5.461	3670	3.834	100.	307.1	2.370
Pta	0.545	1.040	1.578	129.7	5.313	1.411	1.778	1195	1.249	32.56	100.	0.772
Ecu	0.706	1.348	2.044	168.1	6.886	1.829	2.304	1549	1.618	42.20	129.6	1.

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100: Peseta per 100.

FINANCIAL FUTURES AND OPTIONS

LONDON (LIFFE)

CHICAGO (July 2)

PARIS

OPTION ON LONG-TERM FRENCH BOND (MATIF)

Strike	Calls September	Calls December	Calls March	Puts September	Puts December	Puts March
105	-	-	-	0.04	0.20	-
106	1.98	-	-	0.11	0.37	-
107	1.15	1.74	-	0.26	0.62	-
108	0.54	1.16	-	0.64	-	1.15
109	0.21	0.71	-	-	-	-
110	0.07	0.39	-	-	-	-
Open Int.	94,214	162,303	2,800	88,112	31,599	2,960

Estimated volume 44,812 Total Open Interest 381,948

* Contracts traded on APT. Closing prices shown.

POUND - DOLLAR

Spot
1.9075

BANK RETURN

BANKING DEPARTMENT	Wednesday July 1, 1992		Increase or decrease for week
LIABILITIES	£		£
Capital	14,553,000		
Public Deposits	90,762,360	+	6,685,911
Bankers Deposits	1,686,288,681	+	168,118,933
Reserve and other Accounts	3,599,923,796	-	1,666,161
	5,391,527,838	+	173,049,683
ASSETS			
Government Securities	1,674,156,175	+	339,665,000
Advance and other Accounts	2,448,910,503	+	130,107,803
Premises Equipment & other Secs	1,360,041,542	-	297,003,975
Notes	10,221,335	+	273,737
Coin	198,284	+	7,118
	5,391,527,808	+	173,049,683
ISSUE DEPARTMENT			
LIABILITIES			
Notes in circulation	16,079,778,665	+	89,726,263
Notes in Banking Department	10,221,335	+	273,737
	16,090,000,000	+	90,000,000
ASSETS			
Government Debt	11,015,100		
Other Government Securities	11,125,935,402	+	548,236,519
Other Securities	4,953,049,498	-	458,236,519
	16,090,000,000	+	90,000,000

BASE LENDING RATES

	%		%		%
Adam & Company	10	Credit Lyonnais	10	McDonnell Douglas Bnk	10
Allied Trust Bank	10	Cyprus Popular Bk	10	Midland Bank	10
AIB Bank	10	Duncan Lawrie	10	Mount Banking	10
● Henry Ansbacher	10	Equatorial Bank plc	10	NatWestminster	10
B & C Merchant Bank	10.5	Exeter Bank Limited	10.5	Northern Bank Ltd	10
Bank of Baroda	10	Financial & Gen. Bank	10	Nykredit Mortgage Bank	10.5
Banco Bilbao Vizcaya	10	● Robert Fleming & Co.	10	Provincial Bank PLC	14
Bank of Cyprus	10	Robert Fraser & Ptnrs.	10.5	● Rea Brothers	10
Bank of Ireland	10	Girobank	10	Roxburghe Bank Ltd	11
Bank of India	10	● Guinness Mahon	10	Royal Bk of Scotland	10
Bank of Scotland	10	Habib Bank AG Zurich	10	● Smith & Williman Secs.	10
Banque Belge Ltd	10	● Hambros Bank	10	Standard Chartered	10
Barclays Bank	10	Hampshire Trust Plc	13.5	TSB	10
Benchmark Bank	11	Heritable & Gen Inv Bnk	10	Unibank plc	10
Brit Bk of Mid East	10	● Hill Samuel	10	● United Bk of Kuwait	10
● Brown Shipley	10	C. Hoare & Co.	10	Unity Trust Bank Plc	10
CL Bank Nederland	10	Hongkong & Shanghai	10	Western Trust	10
Citibank NA	10	Julian Hodge Bank	10	Whiteaway Laidlaw	10
City Merchants Bank	10	● Leopold Joseph & Sons	10	Yorkshire Bank	10
Clydesdale Bank	10	Lloyds Bank	10		
Co-operative Bank	10	Meghraj Bank Ltd	10		
Coutts & Co	10				

● Members of British Merchant Banking & Securities Houses Association.

MONEY MARKETS

Rate cut rumoured

THE UK money markets were awash with rumours of a base rate cut after the Bank of England shaved its long term money market rates in morning operations.

A feeling of uncertainty already prevailed after the US Federal Reserve cut its discount rate on Thursday.

UK clearing bank base lending rate 10 per cent from May 5, 1992

So when the Bank of England cut 1/16 of a point off its band-3 and band-4 rates to 9¾ per cent and 9⅝ per cent respectively, speculation of a base rate cut swept the market.

Three month money fell from around 10 per cent before the early operations to 9$\frac{11}{16}$ per cent afterwards.

The other, more likely, interpretation of the Bank's move was that it was trimming its dealing rates to keep them in line with market rates which had edged lower on Thursday following the US discount rate cut.

One trader said: "The Bank has been saying for quite a while that from time to time it will change the rates at which it intervenes in bills to more closely reflect the market rates."

Among optimistic traders the first interpretation took precedence, but opinion was divided.

"We are not sure about it here," said one trader yesterday afternoon.

"We still think that UK rates are dependent on German rates and I think the sterling market exchange rate is still not firm enough for another cut."

Activity in sterling futures was extremely bullish. The September contract traded in a 16 basis point range, touching a high of 90.41 before settling at around 90.35.

The December contract moved up by around 11 basis points to around 90.59.

The rumours of a base rate cut made it difficult for the Bank to meet its forecast liquidity shortage as dealers held on to their assets.

An initial shortage of £2.1bn was revised to £2.3bn later on. In the early round, when the Bank cut its long rates, it purchased only £266m of bills.

This included £2m of band-3 bills at 9¾ per cent and £4m of band-4 bills at 9⅝ per cent.

In further morning operations the Bank bought £94m of bills.

In the afternoon the Bank bought £938m of bills and provided late assistance of £585m.

With the shortage unmet, the overnight rate rose sharply to around 16 per cent.

FT LONDON INTERBANK FIXING

(11.00 a.m. July 3) 3 months US dollars		6 months US Dollars	
bid 3⅞	offer 3¾	bid 3¾	offer 3⅞

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK — Treasury Bills and Bonds

4pm (July.2)

Prime rate	6	One month	3.41	Three year	5.06
Broker loan rate	6	Two month	3.39	Five year	6.02
Fed.funds	3¼	Three month	3.31	Seven year	6.50
Fed.funds at intervention	3⅛	Six month	3.43	10-year	6.92
		One year	3.69	30-year	7.64
		Two year	4.55		

July 3	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	9.60-9.70	9.60-9.70	9.65-9.75	9.65-9.75	9.65-9.75	9.75
Paris	9⅞-10	9⅞-10$\frac{1}{16}$	10-10⅛	10-10⅛	9⅞-10$\frac{1}{16}$	9.60
Zurich	7¾-8¼	8¾-9⅛	-	9⅛-9¼	-	-
Amsterdam	9.37-9.40	9.45-9.57	-	9.46-9.54	-	-
Tokyo	4⅝-4$\frac{11}{16}$	4½-4⅝	-	-	-	-
Milan	13⅛-13½	14$\frac{11}{16}$-15	-	14⅛-14⅜	-	-
Brussels	9.97-9.50	9½-9⅞	-	9½-9⅞	-	-
Dublin	9$\frac{11}{16}$-10$\frac{1}{16}$	10-10⅛	10-10⅛	10-10⅛	10⅛-10⅜	-

LONDON MONEY RATES

Jul 3	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	18	10½	10$\frac{1}{16}$	9⅞	9⅞	9$\frac{13}{16}$
Interbank Bid	9½	10	9$\frac{15}{16}$	9¾	9¾	9$\frac{11}{16}$
Sterling CDs	-	-	9$\frac{15}{16}$	9$\frac{13}{16}$	9¾	9$\frac{11}{16}$
Local Authority Deps.	9⅞	9¾	9¾	9¾	9¾	9¾
Local Authority Bonds	-	-	-	-	-	-
Discount Mkt Deps	15	10	-	-	-	-
Company Deposits	-	-	9$\frac{15}{16}$	9$\frac{13}{16}$	9$\frac{13}{16}$	9$\frac{13}{16}$
Finance House Deposits	-	-	10	9¾	9¾	9¾
Treasury Bills (Buy)	-	-	9⅝	9$\frac{9}{16}$	9¼	-
Bank Bills (Buy)	-	-	9⅝	9$\frac{9}{16}$	9¼	-
Fine Trade Bills (Buy)	-	-	-	-	-	-
Dollar CDs	-	-	3.72	3.75	3.87	4.10
SDR Linked Dep. Offer	-	-	6⅜	6⅜	6¼	6⅜
SDR Linked Dep. Bid	-	-	6$\frac{1}{16}$	6$\frac{1}{16}$	6¼	6¼
ECU Linked Dep. Offer	-	-	10⅛	10¼	10⅛	10$\frac{1}{16}$
ECU Linked Dep. Bid	-	-	10⅛	10$\frac{1}{16}$	10$\frac{1}{16}$	10$\frac{1}{16}$

Treasury Bills (sell); one-month 9½ per cent; three months 9$\frac{7}{16}$ per cent; six months 9 per cent; Bank Bills (sell). one-month 9$\frac{7}{16}$ per cent; three months 9⅜ per cent; Treasury Bills; Average tender rate of discount 9.1852 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day June 30, 1992. Agreed rates for period July 26, 1992 to August 25, 1992, Scheme I: 11.29 p.c., Schemes II & III: 11.28 p.c. Reference rate for period May 30, 1992 to June 30, 1992, Scheme IV&V: 10.038 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 10½ from July 1, 1992: Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 6½ per cent; one-three months 9 per cent; three-six months 9 per cent; six-nine months 8½ per cent; nine-twelve months 8½ per cent; Under £100,000 7 per cent from May 6. 1992, Deposits withdrawn for cash 5 per cent.

MONEY MARKET FUNDS

Money Market Trust Funds

Money Market Bank Accounts

NOTES- Gross. Contractual rate of interest payable not taking account of the deduction of basic rate income tax. Net: Rate of interest payable after allowing for deduction of basic rate income tax. Gross CAR: Gross rate annualised to take account of compounding of interest paid other than once a year. Compounded Annual Rate. Int Cr: Frequency at which interest is credited to the account.

LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

Rule 535(2) stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

‡ Bargains at special prices. ♦ Bargains done the previous day.

British Funds, etc
No. of bargains included 2166

Exchequer 10½% Stk 2005 - £110⅝ (29Je92)
Guaranteed Export Finance Corp PLC 12¾% Gtd Ln Stk 2002(Reg) - £121⅞ ⅝ ⅝ ½

Corporation and County Stocks
No. of bargains included nil

Birmingham District Council 11½% Red Stk 2012 - £112¾ (30Je92)
Hull Corp 3½% Stk(1st Iss) - £30 (30Je92)
Leeds Corp 3% Deb Stk 1927(or after) - £27 (29Je92)
Swansea Corp Stk(3½%) - £31 (30Je92)

UK Public Boards
No. of bargains included 1

Agricultural Mortgage Corp PLC 6¾% Deb Stk 95/96 - [illegible]
7¾% Deb Stk 91/93 - £96¾ (30Je92)
10¾% Deb Stk 92/95 - £99¾
Clydeport Ltd 3% Irrd Stk - £27 (26Je92)
Forth Ports Authority 3¾% Funded Debt - [illegible]
Port of London Authority 3½% Stk 49/99 - £70 (1Jy92)

Commonwealth–Government
No. of bargains included nil

South Australian 3% Cons Ins Stk 1916(or after) - £26½ (29Je92)

Foreign Stocks, Bonds, etc–(coupons payable in London)
No. of bargains included 98

A.M.P.(U.K.) PLC 13% Bds 2015 (Br £5000&100000) - £123¼ (1Jy92)
Abbey National Sterling Capital PLC 10¾% Subord Gtd Bds 2002 (Br £ Var) - £102½ ¾ 3¼ ¼ (1Jy92)
11¼% Subord Gtd Bds 2017 - £108½ [illegible]

[illegible]

Peninsular & Oriental Steam Nav Co 4¾% Cnv Bds 2002 - £118¾ (30Je92)
11½% Bds 2014 (Br £10000&100000) - £103½ (29Je92)
Prudential Finance BV 9½% Gtd Bds 2007 (Br £5000&100000) - £96⅜ ½ ⅝
Prudential Funding Corp 8.25% Nts 1997 (Br $C1000&10000) - $C102⅜ (30Je92)
RMC Capital Ltd 8¾% Cnv Cap Bds 2006 (Br £5000&50000) - £94
Redland Capital PLC 7¼% Cnv Bds 2002 - £93¾
Reed International PLC 11⅛% Bds 1994 (Br £5000) - £101 (29Je92)

[illegible]

Sterling Issues by Overseas Borrowers

[illegible]

Listed Companies (excluding Investment Trusts)

[illegible]

Investment Trusts

[illegible]

Miscellaneous Warrants

[illegible]

USM Appendix

[illegible]

Suspended Securities

[illegible]

Rule 535(2)

[illegible]

Select Industries PLC Ord 2½p - [illegible]
New Ord 7½p(2½p Regd) - £0.095

RULE 535 (4) (a)
Bargains marked in securities where principle market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List.

Aust. Foundation Inv 76
City Developments £1.39 (30/6)
Community Psychiatric Centers $10.875♦ (29/6)
Forest Laboratories $30.75 (29/6)
Harland (John H) Co $20.78 (29/6)
Kuala Sidim Rubber 16
Kulim Malaysia Ord 23 (26/6)
McCarthy Group 60 (1/7)
National Electronics HK$0.81 (29/6)
Oil Search 33.5 (29/6)
Playmates Hldgs HK$3.954 (1/7)
Portman Mining A$1.33 (30/6)
Regal Hotels (Hldgs) HK$1.00 (1/7)
[illegible] A$ [illegible]72.12
Samantha Hldgs Berhad A$0.95 (1/7)
Storer Communications SK290 (30/6)
Terrex 3 (29/6)

By Permission of the Stock Exchange Council

LONDON STOCK EXCHANGE

Technical recovery helps share prices

By Terry Byland
UK Stock Market Editor

Account Dealing Dates			
*First Dealings:	Jun 15	Jun 29	Jul 13
Option Declarations:	June 25	Jul 9	Jul 23
Last Dealings:	Jun 26	Jul 10	Jul 24
Account Day:	Jul 6	Jul 20	Aug 3

*New-time dealings may take place from 8.30 am two business days earlier.

THE MEREST whiff of base rate optimism from the London money markets was enough to fuel a technical rally in UK share prices yesterday. The FT-SE Index briefly regained the 2,500 mark, closing 21 points up and only just below this benchmark number in the absence of distraction from Wall Street which was closed for the July 4 holiday.

Equities opened lower following weakness in the Dow Industrial Average overnight and the continuing worries over the UK economy and the faltering record of new share issues in the London stock market.

But a dip of 8.6 in the Footsie was quickly reversed upwards when the Bank of England's actions in the money markets gave some stimulus to hopes of another early cut in UK base rates. With the enthusiasm taken up in the stock index futures market, the equity market advanced by 24 points to touch 2,500.1.

Prices for short-dated government bonds turned higher, also reflecting base rate speculation. Long dated bonds also gained ground while, for good measure, Index-linked stocks joined in the general upturn.

However, many strategists took a cautious view, and interest rate optimism soon cooled down. The stock market held on to its gains, encouraged by firmness in other European centres, and by bear closing operations as traders bought stock to meet selling commitments entered into earlier this week.

The final reading showed the FT-SE Index at 2,497.1 (plus 21 points). This indicates a loss of 37 points or about 1.5 per cent on the Footsie over the week. Selling has not been heavy – Seaq turnover totalled 429.5m shares yesterday – but investors have been distressed by persistent economic gloom reflected in downgradings of corporate profit estimates by brokers and by difficulties with successive share flotations.

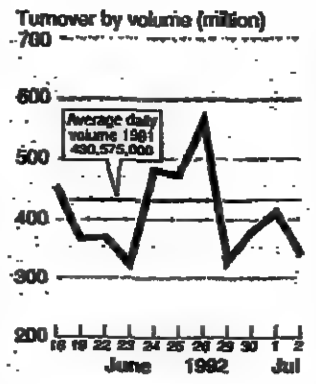
The withdrawal of the GPA flotation, failure of The Telegraph issue and the reduced pricing of the MFI Furniture sale have all cast clouds over the stock market.

However, many market strategists have argued that the stock market has become oversold and that share prices represent good value at these levels in terms of the yield relative against the UK bond market. These optimisms were heartened by the rapidity with which the Footsie regained the 2,500 mark yesterday. But a question mark now hangs over the outlook on Wall Street.

● Retail business in UK equities has begun to recover after falling sharply as economic and corporate gloom discouraged investors.

London SE volume

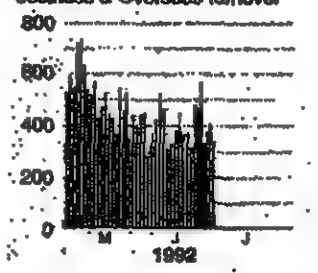
Turnover by volume (million)



FT-A All-Share Index

Equity Shares Traded

Turnover by volume (million)
Excluding: Intra-market business & Overseas turnover



FINANCIAL TIMES STOCK INDICES

	July 3	July 2	July 1	June 30	June 29	Year Ago	1992 High	1992 Low	Since Compilation High	Since Compilation Low
Government Secs	89.75	89.40	89.18	88.91	88.84	84.55	89.75 (3/7)	85.11 (1/4)	127.40 (9/1/35)	49.18 (3/1/75)
Fixed Interest	106.26	105.77	105.33	104.93	104.78	93.27	106.26 (3/7)	97.15 (2/1)	105.92 (2/6/92)	50.53 (3/1/75)
Ordinary Share ●	1915.5	1901.1	1917.3	1942.3	1944.7	1904.7	2149.7 (22/5)	1851.4 (3/4)	2149.7 (22/5/92)	49.4 (26/6/40)
Gold Mines	90.1	89.6	89.3	92.1	94.4	217.1	160.6 (10/1)	89.3 (1/7)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2497.1	2476.1	2493.9	2521.2	2515.8	2470.4	2737.8 (11/5)	2382.7 (3/4)	2737.8 (11/5/92)	986.9 (23/7/84)
FT-SE Eurotrack 200	1166.36	1160.30	1161.24	1169.77	1173.91	1140.75	1248.79 (11/5)	1120.52 (8/1)	1248.79 (11/5/92)	938.62 (18/1/91)
●Ord. Div. Yield	4.80	4.83	4.79	4.72	4.72	4.95				
●Earning Yld %(full)	7.03	7.07	7.01	6.92	6.92	8.69				
●P/E Ratio(Net)(☆)	17.86	17.74	17.80	18.12	18.14	14.15				
SEAQ Bargns 5.00pm	20,600	20,020	20,570	20,844	19,626	21,507				
Equity Turnover(£m)†	-	816.6	982.7	839.9	703.8	712.6				
Equity Bargains†	-	22,487	22,530	23,044	21,690	20,002				
Shares Traded (ml)†	-	339.3	412.9	378.5	329.1	320.6				

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold mines 12/9/55. Basis 1000 FT-SE 100 31/12/83 & FT-SE Eurotrack 200 26/10/90. ☆ Nil 16.57

Ordinary Share Index, Hourly changes — Day's High 1919.1 — Day's Low 1882.0

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
1882.0	1899.5	1906.3	1919.4	1917.0	1916.7	1917.0	1916.5	1916.6

FT-SE 100, Hourly changes — Day's High 2500.1 — Day's Low 2467.5

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2467.5	2474.4	2485.4	2499.3	2498.0	2496.7	2497.4	2496.1	2495.0

FT-SE Eurotrack 200, Hourly changes — Day's High 1169.04 — Day's Low 1162.03

Open	10.30 am	11 am	12 pm	1 pm	2 pm	3 pm
1162.24	1164.68	1166.94	1167.13	1167.89	1168.26	1167.40

GILT EDGED ACTIVITY

Indices*	July 2	July 1
Gilt Edged Bargains	100.7	96.9
5 – Day average	92.0	90.8

*SE Activity 1974.
†Excluding intra-market business and Overseas turnover.

London report and latest Share Index: Tel. 0891 123001. Calls charged at 36p/minute cheap rate, 48p/minute at all other times.

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change
ADT	10	458	+6
ASDA Group	10,000	30	+1
Abbey National	961	284	+6
Albert Fisher	131	87	
Allied-Lyons	1,600	630	+4
Amstrad	734	36½	
Anglian Water	1,200	416	+3
Argos	1,700	235	+6
Argyll Group	2,800	365	-2
Arjo Wiggins	1,000	232	+4
Ass. Brit. Foods	80	429	+7
Ass. Brit. Ports	380	398	-5
BAA	780	670	+9
BAT Inds.	1,900	736	+10
BET	398	140	+6
BICC	646	314	+3
BOC	603	608	-1
BPB Inds.	1,300	154	-1
BT	3,300	343½	+9
BT New	3,500	242½	+8½
BTR	1,300	468	+5
Bank of Scotland	879	112	
Barclays	2,200	339	+11
Bass	2,500	547½	-5½
Berisford Intl.	130	16½	
Blue Circle	1,700	209	-5
Booker	297	457	-1
Boots	[illegible]	440	-4
Bowater	719	773	+6
Brit. Aerospace	1,700	[illegible]	-7
British Airways	1,300	285	+4½
British Gas	17,000	252	+2
British Land	400	[illegible]	-10
BP	12,000	210	-2
British Steel	5,100	64	+1½
Bunzl	116	103	+2
Burmah Castrol	218	583	-6
Burton	1,400	47	+1
Cable & Wire.	2,600	582	+12
Cadbury Schweppes	1,300	458	+1
Calor Group	75	[illegible]	
Carlton Comms.	1,600	600	-8
Coats Viyella	586	188	+2
Comm. Union	694	476	+8
Cookson	1,480	147	+5
Courtaulds	286	528	+6
Dalgety	141	418	
De La Rue	180	856	+1
Dixons	3,500	222	-1
Eastern Elec.	1,180	376	+3
East Midland Elec.	413	[illegible]	-5
Eng China Clays	1,400	522	+4
Enterprise Oil	175	385	+3
Eurotunnel Units	188	349	+2
FKI	446	79	+1
Fisons	2,300	219	+6
Forte	2,900	184	-10
Gen. Accident	436	460	+2
General Elec.	2,500	237	+4
Glaxo	8,100	661	+8
Glynwed Intl.	1,100	322	+7
Granada	640	280	+8
Grand Met.	5,100	485	+5
GUS A	244	1460	+16
GRE	1,500	143	+5
GKN	1,300	364	+12
Guinness	2,100	534	
Hammerson 'A'	0	335	-1
Hanson	4,800	209	+½
Hanson Warrants	416	23	+½
Harrisons Crosfield	945	[illegible]	+6
Hillsdown	1,900	194	
IMI	792	248	+2
ICI	1,200	1174	+4
Inchcape	1,600	442	+10
Kingfisher	1,600	473	-2
Kwik Save	205	[illegible]	+6
Ladbroke	2,300	262	
Land Securities	544	480	+2½
Laporte	82	[illegible]	+5
Legal & General	617	375	
Lloyds Abbey	186	301	+3
Lloyds Bank	2,300	432	+5
LASMO	1,800	173	+7
London Elec.	49	322	-4
Lonrho	584	75	
Lucas	2,300	155	+2
MB Caradon	1,400	260	+8
MEPC	561	280	
[illegible]	789	389	-7
Marks & Spencer	4,100	323	+2
Midland Bank	384	470	+3
Midlands Elect.	1,300	387	-2
NFC	[illegible]	253	+1
NatWest Bank	2,400	327	+10
National Power	2,000	247	-2
Next	5,100	[illegible]	+4
North West Water	607	435	+3
Northern Elect.	384	387	-4
Northern Foods	486	[illegible]	
Norweb	451	[illegible]	-3
Pearson	345	375	+15
P & O	[illegible]	418	+5
Pilkington	905	124	+2
PowerGen	2,100	257	-4
Prudential	2,200	242	
RHM	1,200	199	-3
RMC	565	539	+6
RTZ	2,300	604	+5
Racal	4,900	85	+1
Rank Org.	735	643	+6
Reckitt & Colman	650	597	+8
Redland	580	485	+8
Reed Intl	803	523	+8
Rentokil	1,000	164	+6
Reuters	356	1140	-1
Rolls Royce	2,400	[illegible]	+1
Rothmans	337	[illegible]	-3
Ryl Bk Scotland	3,400	184	+3
Royal Insurance	2,100	214	+3
Saatchi	290	135	+3
Sainsbury	2,800	459	
Scottish & New	871	480	+6
Scot. Hydro-Elect	385	195	-1½
Scottish Power	1,700	183	-1
Sears	6,900	81	+2
Sedgwick	435	[illegible]	+6
Seeboard	242	[illegible]	-2
Severn Trent Water	2,500	408	+5
Shell Transport	2,200	495	-1
Siebe	376	680	-8
Slough Ests	341	166	
Smith (W.H.) A	526	425	-7
Smith & Nephew	1,600	145½	+2
SmKl Beecham	1,800	886	+9
SmKl Beecham Uts.	105	[illegible]	+16
Smiths Inds	114	298	+1
Southern Elect.	335	298	-2
South Wales Elect.	308	[illegible]	-2
South West Water	382	418	+7
South West. Elect.	1,000	316	+1
Southern Water	569	[illegible]	-4
Standard Chartd.	1,300	425	+1
Storehouse	[illegible]	136	[illegible]
Sun Alliance	1,900	274	+6
T&N	1,100	145	+3
TI Group	1,300	336	-9
TSB	622	140	+2
Tarmac	2,700	98	+2
Tate & Lyle	714	388	+8
Taylor Woodrow	380	85	-2
Tesco	11,000	282	-8½
Thames Water	1,600	436	+4
Thorn EMI	847	780	+4
Tomkins	382	481	+4
Trafalgar House	3,100	87	+2
Unigate	973	315	-3
Unilever	1,100	992	+7
United Biscuits	787	354	+7
Utd. Newspapers	800	408	+8
Vodafone	1,700	382	+3
Warburg (SG)	82	495	-5
Wellcome	447	877	+21
Welsh Water	743	466	+3
Wessex Water	87	494	+1
Whitbread 'A'	328	441	+7
Williams Hldgs.	1,600	284	+2
Willis Corroon	337	215	
Wimpey	394	137	-1
Wolseley	164	346	+7
Yorkshire Elect.	720	385	-1
Yorkshire Water	986	[illegible]	

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or more are rounded down.

Wellcome doubts revived

A SHARP bounce in the price of Wellcome was believed by some traders to reflect concern about the forthcoming share flotation. The shares jumped 21 yesterday to 877p, as some traders appeared to be covering positions in a hurry.

One senior analyst commented that several market-makers had left themselves short of Wellcome stock ahead of the proposed issue of between 25 per cent and 48.6 per cent of the Trust's shares. However, concern has grown that Wellcome Trust might decide that the current share price was too low and, therefore, might postpone the flotation. Such a decision would be likely to squeeze the share price up sharply, inflicting severe losses on dealers with uncovered positions. Some dealers perceived yesterday's buying as a rush to cover.

However, a source close to the company said yesterday; "With the book for share bids due to open on Monday it comes as no surprise to see the bears covering their positions."

Forte setback

Hotels and leisure group Forte, already suffering from worries over the proposed sale of its contract catering arm, confirmed the market's fears after trading hours last night. The board announced that negotiations with Compass and ARA, prospective buyers for Gardner Merchant, the contract subsidiary, had been terminated. The shares closed a net 9 lower at 185p with 2.9m traded and traders predict a further heavy fall when dealing re-opens on Monday. A line of 1m shares is believed to be hanging over the market.

Press reports, that the sale negotiations were about to collapse had already sent the shares into retreat early yesterday, making Forte the biggest loser in the FT-SE 100 index.

Some analysts suggested that Forte had declined the £500m to £550m initially offered by Compass, hoping for a higher offer. Compass is believed to have tried to reduce its original offer because of the fall in the stock market. Also, it was expected to raise part of the funding for the deal by means of a share issue, which could have proved difficult in the current climate.

Compass yesterday asked the Stock Exchange to lift the share suspension imposed at the end of May. Analysts were predicting a sharp decline for the shares on Monday.

A holiday on Wall Street gave Glaxo Holdings a chance to pick itself up after a bad week and the stock was one of the most heavily traded in the London market yesterday. The shares were 17 down at 636p in early trading reflecting a sharp Thursday night fall in New York for the American Depositary Receipts.

However, Wall Street was closed for a extended July 4 weekend yesterday and the disappearance of US sellers allowed the shares to rally in London and close 8 better at 661p on turnover of more than 8m.

ICI recovered slightly after recent heavy falls, bouncing 4 to 1174p. Mention of ICI yesterday contained incorrect figures for the 1991 sales of ICI's headline drug, Tenormin. The correct figure was £660m with around £327m coming from the US.

Banks made strong progress but gains owed more to marketmakers closing short positions than to genuine buying.

Barclays put on 11 to 339p and NatWest 10 to 327p, closely followed by Abbey National which added 8 at 284p.

British Gas retained its position as the most heavily traded stock in the energy sector, with the shares edging ahead 2 to 252p after exceptionally heavy turnover of 17m shares. The group issued an announcement to the market that it had told regulator Ofgas that it should earn a rate of return on its gas transmission business of 6.7 per cent and 10.8 per cent on new investment.

Some specialists adopted the view that such a requirement would lead to a scrap with Ofgas which would ultimately mean the company being referred to the Monopolies Commission. Others in the market said that it was by no means certain that Gas would have any more to lose by seeking a MMC referral.

British Petroleum, suffering the roughest of rides in the market since the resignation of former chief executive and chairman Mr Bob Horton two weeks ago, eased 2 to 210p with turnover reaching 12m shares. After the big slide in the BP share price many UK funds have been switching out of Shell and back into BP.

Hints of a broker downgrade left Burmah Castrol 6 off at 583p. There was more big activity in Lasmo where the shares recently plummeted as the sale of its Californian downstream assets brought in less than had been expected before staging a strong rise on the back of take-over rumours. Suggestions in the market were that a bid had been lined up, but was pulled at the last moment. Lasmo shares were 7 firmer at 173p.

Regional electicity stocks suffered profit taking, with the Electricity Package dipping to close 22 down at £3213.

BT's elevation to the County 30 list of best buys and the passing of the deadline for the second payment on the partly-paid shares prompted a significant upturn in both classes of BT stock. The "old" settled 9 higher at 343½p ans the "new" 8½ to 242½p.

The building sectors included another major casualty in British Dredging where a profits warning led market-makers to lower the shares by 38 to 80p. Heywood Williams, which earlier in the week shocked the market by issuing a similar warning, slipped 2 more to 269p.

A profits downgrade by Kleinwort Benson is reported to have caused the decline in TI Group, which held a presentation at the securities house on Thursday. The shares fell 9 to 336p with a large line of stock said to be overhanging the shares. BAA added 10 to 670p following an analysts' presentation at Heathrow Airport yesterday.

Shares in BM Group jumped 25 to 145p, after the company issued an upbeat trading statement and predicted an improved dividend. A change of view by one securities house gave a much needed fillip to Pearsons. The leisure and media conglomerate's shares, which have fallen more than 60p in the past two weeks rallied 15 to 375p.

County NatWest reversed its short-term recommendation from sell to hold after deciding that the shares had run back too far. County believes the balance sheet is sound and there is positive news surrounding BSkyB in which Pearson has a significant stake. However, it is maintaining its recently reduced 1992 profit forecast of £181m, which is believed to be at the top of the range of estimates.

Reed International also benefited from the improved sentiment surrounding Pearson. It firmed 8 to 523p.

Carlton Communications fell 8 to 600p after the company's joint broker was said to have downgraded its profits forecast.

Cazenove never comments on market talk but traders said it had trimmed its forecast for the current year's profit to £102m from £106m and for 1993 to £128m from £132m. One dealer said the cuts brought Cazenove into line with the rest of the market and the stock had been a very good performer over the past three months so a few people had taken profits.

MARKET REPORTERS:
Joel Kibazo,
Steve Thompson,
Peter John

■ Other market statistics, Page 9

NEW HIGHS AND LOWS FOR 1992

NEW HIGHS (48).
BRITISH FUNDS (27) Tr 8½pc '94, Tr 10pc '94, Tr 9pc '94, Tr 12pc '95, Ex 10¼pc '95, Tr 12¼pc '95, Cv 10pc '96, Tr 8¾pc '97, Ex 9¾pc '98, Tr 9½pc '99, Tr 10½pc '99, Cv 10¼pc '99, Cv 9pc '00, Fd 3½pc '99-04, Tr 8½pc '07, Cv 9pc '11, Tr 9pc '12 A, Tr 5½pc '08-12, Tr 7¾pc '12-15, Ex 12pc '13-17, Tr 8¾pc '17, Tr 2½pc IL '11, Tr 2½pc '24, Tr 4⅛pc IL '30, Cons 4pc, War Ln 3½pc, Cv 3½pc '61, OTHER FIXED INTEREST (4) African Dev 11¼pc '10, B'ham 11½pc '12, Hydro Quebec 15pc '11, Leeds 13½pc '06, Met Water 3pc B, BANKS (1) Bk Scotland 9¼pc Pf, BREWERS & DISTILLERS (2) Young, Do NV, BUILDING MATERIALS (1) Bredon, ELECTRONICS (1) Sema, INVESTMENT TRUSTS (2) River & Merc Stppd Pf, TR Tech Stppd Pf, WATER (1) Northumbrian.

NEW LOWS (105).
AMERICANS (2) California Energy, Fluor, CANADIANS (2) Hudson's Bay, Intl Corona, BUILDING MATERIALS (7) Blue Circle, B/R Dredging, Explaura, Heywood Williams, Do Cv Pf, Ibstock Johnsen Wts, SWP, BUSINESS SERVICES (1) REA, CHEMICALS (3) Allied Colloids, Anglo Utd, BTP, CONGLOMERATES (2) Cairnon, [illegible] 7¼pc Pf, CONTRACTING & CONSTRUCTION (9) AMEC, Allen, Birse, Edmond, Gleeson, Lilley, Mowlem, Westbury, Westport, ELECTRONICS (2) Logica, Process Sys, ENGINEERING AEROSPACE (1) Brit Aerospace, FR, ENGINEERING GENERAL (5) BSS, Booth Inds, Kvaerner, Meggitt, Simon Eng, Victaulic, FOOD MANUFACTURING (3) Golden Vale, Northern Foods, Sims, FOOD RETAILING (1) Thorntons, HEALTH & HOUSEHOLD (5) Glaxo, Hafslund Nycomed A, Do B, Medeva, Reckitt & Colman, HOTELS & LEISURE (5) Allied Leis, Euro Disney, Forte, Queens Moat Hse 7p Pf, Ryan Htls, INSURANCE COMPOSITE (1) FAI, INVESTMENT TRUSTS (9) Anglo & O'seas, Fleming Euro Fldg Wts, Gartmore Amer, Kl'wort High Inc, Lon & Strathclyde, Martin Currie Euro Wts, Martin Currie Pac, TR Euro Growth Pkg Subs, Trust of Prop., MEDIA (5) Anglia, Bristol Evening Post, Capital Radio, Metro Radio, TSW, METAL & METAL FORMING (2) Cooper (Fr), Firth, MISCELLANEOUS (6) Bunzl, Suiters, Hartstone, Sinclair, Wassmen Partnership, OIL & GAS (1) Global Nat Res, OTHER FINANCIAL (3) Allen, Gerrard, Union Discount, OTHER INDUSTRIAL MATERIALS (9) Baynes, Kalsey, Pacific Dunlop, Waite Bluss, Williams, Do 8¾pc Pf, PACKAGING, PROPERTY (7) CMW, Chesterfield, High-Point, MEPC, Marriott, Moore, Prop. Security, Waterglade, STORES (5) Alexon, Argos, Austin Reed, Cantors, Sears, TEXTILES (2) Carcoal, Parkland, TRANSPORT (3) Cons Freightways, Lon & O'seas Freighters, Seafield, MINES (6) Bracken, Europa Minerals, Falcon, Glencar Explr, Kinross, Welkom.

RISES AND FALLS YESTERDAY

	On Friday Rises	On Friday Falls	On Friday Same	On the week Rises	On the week Falls	On the week Same
British Funds	74	1	7	257	104	49
Other Fixed Interest	9	3	3	37	7	31
Commercial, Industrial	246	358	837	904	2,144	4,161
Financial & Property	142	95	557	578	705	2,607
Oil & Gas	12	20	56	58	97	285
Plantations	0	0	9	1	0	44
Mines	31	33	86	110	179	461
Others	34	52	39	204	202	253
Totals	548	562	1,594	2,149	3,438	7,951

EQUITY FUTURES AND OPTIONS TRADING

BANK of England moves in the money markets led to suggestions of an impending interest rate cut and prompted a strong advance in stock index futures, writes Joel Kibazo.

The September contract on the FT-SE was already strong in early trading. Then, the Bank of England moves in the money markets provided an impetus for the September contract to advance sharply and reach 2,532, the day's high, by mid morning. Thereafter, the contract traded within a narrow range of 2,520 and 2,530 for the rest of the session. With Wall Street closed, the momentum was maintained by the firmness in the fixed income markets.

September closed at the session's high of 2,532, up 43 on the previous session and around 18 points above its estimated fair value to cash of about 25. Turnover of 6,366 lots was, however, light.

In traded options, turnover was down on the past two sessions reaching 31,570 lots by the close. The FT-SE contract traded 12,845 lots and the Euro FT-SE, 2115 contracts. Asda was the busiest stock option with a day's total of 3,007 lots.

FT-A INDICES LEADERS AND LAGGARDS

Percentage changes since January 2 1992 based on Friday July 3 1992

Water	+	30.94	500 Share Index	+	1.44
Electronics	+	18.11	All-Share Index	+	1.33
Food Retailing	+	17.83	Financial Group	+	1.26
Motors	+	16.72	Hotels & Leisure	+	1.13
Other Industrial Materials	+	16.24	Building Materials	+	0.93
Electricity	+	11.86	Food Manufacturing	+	0.41
Banks	+	11.60	Chemicals	+	0.10
Textiles	+	11.30	Consumer Group	-	0.05
Capital Goods	+	9.78	Insurance (Life)	-	0.38
Engineering-General	+	9.48	Business Services	-	0.41
Media	+	8.99	Telephone Networks	-	0.78
Packaging, Paper & Printing	+	7.73	Investment Trusts	-	1.85
Electricals	+	6.94	Conglomerates	-	2.24
Merchant Banks	+	5.73	Insurance (Composite)	-	3.80
Stores	+	5.66	Contracting, Construction	-	7.48
Transport	+	5.34	Oil & Gas	-	11.98
Other Groups	+	4.96	Insurance Brokers	-	14.46
Brewers & Distillers	+	4.56	Health & Household	-	15.63
Metals & Metal Forming	+	3.45	Property	-	20.61
Industrial Group	+	3.25	Gold Mines Index	-	34.66
Engineering-Aerospace	+	2.20			

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		10.000	10/02	108.6898	+0.632	8.70	8.74	9.00
BELGIUM		9.000	06/01	101.1500	+0.250	8.81	8.91	8.87
CANADA *		8.500	04/02	103.6500	+0.550	7.92	8.14	8.43
DENMARK		9.000	11/00	100.0700	+0.270	8.97	9.05	8.93
FRANCE	BTAN	8.500	03/97	99.4183	+0.203	8.90	8.98	8.87
	OAT	8.500	11/02	99.6000	+0.220	8.69	8.77	8.66
GERMANY		8.000	01/02	100.2000	+0.010	7.96	8.05	7.97
ITALY		12.000	05/02	94.4300	+0.015	13.44†	13.14	12.92
JAPAN	No 119	4.800	06/99	96.9842	-0.078	5.40	5.49	5.76
	No 129	6.400	03/00	106.5747	-0.093	5.21	5.27	5.50
NETHERLANDS		8.250	02/02	99.7200	-0.020	8.28	8.32	8.36
SPAIN		11.300	01/02	97.9500	+0.600	11.63	11.42	11.22
UK GILTS		10.000	11/96	103-15	+12/32	9.01	9.20	9.21
		9.750	08/02	105-06	+17/32	8.96	9.17	9.10
		9.000	10/08	101-28	+16/32	8.78	9.00	8.92
US TREASURY		7.500	05/02	104-02	+0/32	6.92	7.14	7.36
		8.000	11/21	104-08	+0/32	7.63	7.78	7.89
ECU (French Govt)		8.500	03/02	97.5000	-	8.88	8.95	8.81

London closing. Yields. Local market standard
† Gross annual yield (including withholding tax at 12.5 per cent payable by non-residents.)
Prices: US, UK in 32nds, others in decimal. Technical Data/ATLAS Price Sources

FT-ACTUARIES SHARE INDICES - QUARTERLY VALUATION

The market capitalisation of the groups and sub-sections of the FT-Actuaries Share Indices, as at June 30 1992, are expressed below in millions of pounds and as a percentage of the All-Share Index. Similar figures are also provided for the preceding two quarters.

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses denote number of stocks)		Market capitalisation as at Jun 30 1992 (£m)	% of all share index	Market capitalisation as at Mar 31 1992 (£m)	% of all share index	Market capitalisation as at Dec 31 1991 (£m)	% of all share index
1	CAPITAL GOODS GROUP	178	73,012.51	14.15	69,104.20	13.97	64,397.93	12.93
2	Building Materials	22	12,108.42	2.35	12,426.61	2.51	11,500.87	2.31
3	Contracting, Construction	28	4,069.64	0.79	4,222.51	0.85	4,147.93	0.83
4	Electricals	8	2,093.20	0.41	1,812.27	0.37	1,854.30	0.37
5	Electronics	29	11,051.50	2.14	9,819.43	1.99	9,374.28	1.88
6	Engineering-Aerospace	6	3,657.48	0.71	4,047.45	0.82	3,983.65	0.80
7	Engineering-General	44	9,704.74	1.88	8,701.00	1.76	7,839.05	1.57
8	Metals and Metal Forming	8	2,801.59	0.54	2,936.98	0.59	2,763.24	0.56
9	Motors	14	4,397.45	0.85	3,930.61	0.79	3,558.60	0.71
10	Other Industrial Materials	19	23,128.50	4.48	21,207.34	4.29	19,376.01	3.90
21	CONSUMER GROUP	189	198,982.55	38.55	196,502.58	39.74	193,463.37	38.87
22	Brewers and Distillers	24	38,365.07	7.43	36,997.33	7.48	35,376.60	7.11
25	Food Manufacturing	18	23,132.34	4.48	23,168.94	4.69	22,993.06	4.62
26	Food Retailing	18	22,244.65	4.31	19,697.94	3.98	18,275.96	3.67
27	Health and Household	24	47,877.51	9.28	53,293.15	10.78	56,395.54	11.33
29	Hotels & Leisure	20	13,124.75	2.54	12,384.83	2.50	12,145.68	2.44
30	Media	25	15,655.85	3.03	14,953.29	3.02	13,698.29	2.75
31	Packaging, Paper & Printing	17	6,963.43	1.35	6,651.65	1.35	5,943.02	1.19
34	Stores	33	28,787.68	5.58	26,657.78	5.39	26,244.25	5.27
35	Textiles	10	2,831.26	0.55	2,697.67	0.55	2,390.97	0.49
40	OTHER GROUPS	116	125,950.73	24.40	116,260.67	23.51	117,329.44	23.57
41	Business Services	17	7,766.45	1.50	6,373.91	1.29	6,025.03	1.22
42	Chemicals	22	17,872.80	3.46	18,250.68	3.69	17,452.26	3.51
43	Conglomerates	11	13,556.89	2.63	14,098.25	2.85	13,938.60	2.80
44	Transport	14	12,813.59	2.48	11,940.93	2.41	11,720.79	2.35
45	Electricity	16	16,784.20	3.25	13,749.45	2.78	15,041.77	3.02
46	Telephone Networks	4	30,239.28	5.86	28,633.33	5.79	30,761.02	6.18
47	Water	10	9,484.23	1.84	7,455.67	1.51	7,242.44	1.45
48	Miscellaneous	22	17,433.30	3.38	15,758.45	3.19	15,147.53	3.04
49	INDUSTRIAL GROUP	483	397,945.77	77.10	381,867.45	77.22	375,190.74	75.37
51	Oil and Gas	17	43,767.00	8.47	44,403.86	8.98	49,661.40	9.98
59	500 SHARE INDEX	500	441,712.77	85.57	426,271.31	86.20	424,852.14	85.35
61	FINANCIAL GROUP	86	61,576.80	11.93	55,394.70	11.20	59,836.28	12.02
62	Banks	9	29,419.39	5.70	25,586.91	5.18	26,349.18	5.29
65	Insurance (Life)	6	8,027.18	1.56	7,089.92	1.43	7,902.31	1.59
66	Insurance (Composite)	7	8,997.71	1.73	7,674.49	1.55	8,704.85	1.75
67	Insurance Brokers	10	2,525.13	0.49	2,823.59	0.57	2,974.53	0.60
68	Merchant Banks	7	2,941.68	0.57	2,634.26	0.53	2,602.53	0.52
69	Property	32	7,103.35	1.38	7,298.12	1.48	8,859.18	1.78
70	Other Financial	15	2,562.44	0.50	2,287.41	0.46	2,443.70	0.49
71	Investment Trusts	69	12,881.16	2.50	12,843.95	2.60	13,084.08	2.63
99	ALL-SHARE INDEX	655	516,170.73	100.0	494,509.96	100.0	497,772.50	100.0

COMMODITIES

WEEK IN THE MARKETS

Copper leads rally in base metals

THE COPPER market led most London Metal Exchange contracts to higher ground this week as a cut in US interest rates gave added impetus to the existing upward trend.

In advancing by £46.75 to £1,315.25 a tonne for three months metal copper continued to defy the bearish influence of sterling's strength against the dollar. After adjusting for that factor the rise on the week works out at £58 a tonne. A morning bout of profit-taking had been absorbed before the price reached that level, the highest for three months in sterling terms and for 18 months in dollar terms.

Encouraging copper's rise was news that a strike could start at Poland's KGHM combine on July 20, although that was countered by the agreement of a labour contract at Asarco of the US. Another bullish influence was the threat of supply tightness developing later this month and in September and this was reflected in the short-lived establishment yesterday of a "backwardation" – a price premium for cash over metal for forward delivery.

The copper market's improved sentiment spilled over into other metals, notably aluminium and nickel, the former's three months position ending the week $69.75 up at $1,347.25 a tonne and the latter's $423 up at $7,719 a tonne. But some traders were dubious about the sustainability of this trend. Mr Angus MacMillan, analyst with Billiton-Enthoven Metals, part of the Royal Dutch/Shell group, thought copper's present price could be justified but saw no good reason for aluminium or nickel prices to be buoyant as both markets were still suffering from substantial imports from the CIS.

LME WAREHOUSE STOCKS
(As at Thursday's close)
tonnes

Aluminium	+13,150	to 1,300,525
Copper	−1,125	to 259,125
Lead	+1,625	to 144,650
Nickel	−548	to 27,750
Zinc	+1,400	to 332,050
Tin	+610	to 13,400

The only LME market to sustain price falls this week was zinc, which continued to reflect the unwinding of the options-related supply squeeze that prompted the exchange to impose nearly three weeks ago a descending ceiling on the one-day backwardation during the June/July period. The cash price rose with the other base metals on Monday, reaching a 20-month high of $1,391.50 a tonne, but then went into reverse. By yesterday's close it was showing a $56 fall on the week at $1,300 a tonne and its premium over the three months price, which had reached $189 a tonne before the LME acted to end the squeeze, had shrunk by another $42 to $15.50 a tonne.

Platinum was the star performer in the precious metals market, with the price fixed yesterday afternoon at $386 a troy ounce, up $19 on the week. On Thursday it had reached a 13-month high of $387.90 an ounce.

The chief factor behind the rise was concern about the situation in South Africa, which accounts for about 70 per cent of the world's platinum supplies. Although analysts thought the unrest was unlikely to result in a miners' strike they said the possibility made it too risky to go short during the present rally.

Mr Andy Smith, analyst at the Union Bank of Switzerland, had serious doubts about the price rise, however. He thought the market was not taking sufficient account of weakening Japanese economic activity and suggested that Thursday's 0.5 per cent cut in the US discount rate "smells of panic in the face of a slowing US economy," and was therefore negative for the platinum price.

He said the discount rate cut was positive for gold, which rose $2.35 this week to $346 an ounce, but added that a rising gold price would stimulate selling by producers and stockholders.

At the London Futures and Options Exchange the cocoa market put in its strongest performance of the year so far as producers resisted the temptation to sell into a technical rally. Dealers saw the rise, which lifted the September position by £55 to £590 a tonne, mainly as a reaction against the 16½-year lows reached last week.

The rally appeared to have run out of steam on Thursday, when a small setback was registered, but after a shaky start yesterday the upward trend was resumed and the September price ended £15 up on the day.

Further talks on the renegotiation of an International Cocoa Agreement with price stabilisation clauses, are to start on Monday in Geneva.

Coffee prices also moved ahead, encouraged by US investment fund buying, before slipping back yesterday in thin trading. London's September futures position closed yesterday at $717 a tonne, down $5 on the day but $31 up on the week.

Richard Mooney

FT MANAGED FUNDS SERVICE

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AUTHORISED UNIT TRUSTS

[illegible]

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro

INITIAL CHARGE: [illegible]

OFFER PRICE: [illegible]

BID PRICE: [illegible]

CANCELLATION PRICE: [illegible]

TIME: [illegible]

HISTORIC PRICING: [illegible]

FORWARD PRICING: [illegible]

SCHEME PARTICULARS AND REPORTS: [illegible]

[illegible]
FT Managed Funds Service.

[illegible]
Centre Point,
103 New Oxford Street, London WC1A 1QH
Tel: 071 - 379 - 0444.

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	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Stewart Ivory Unit Tst Mgrs Ltd (1200)H						
45 Charlotte Sq, Edinburgh 031-226 3271						
American	5	250 6	250 6	266 6	-1.4	0.87
(Accum Units)	5	[illegible]	[illegible]	[illegible]	-1.6	0.87
British	5	828 1	834.4	883 3	+2.1	6.12
(Accum Units)	5	1372.0	1400.1	1481.3	+1.5	6.12
European	5	337.0	337 0	358.9	+1.3	1.46
(Accum Units)	5	365.3	365.3	389 0	+1.4	1.46
[illegible]	5	93 06	93 06	98.92	-0.1	-
(Accum Units)	5	93 80	93.80	99.71	-0.1	-
New Pacific	5	200.9	201.8xd	214.9	-1.0	1.65
(Accum Units)	5	207 9	208.9	222.4	-1 1	1.65
Investment Tst June 12	4	136.3	138.9	147.0	-	2.50
Mngd Equity	5	124 6	125.7	133.0	-0.2	2.93
Mngd Equity Acc	5	134.3	135.5	143.4	-0.2	2.93
Mngd Cash	0	95.42	95.42xd	95 42	-	9 67
(Accum Units)	0	121 9	121 9	121 9	-	9 67
Majority Stg	1	99 51	99.51xd	100 50	+0 01	9 42
Majority Stg Acc	1	112.25	112.25	113 36	+0 04	9.42
Storebrand Intl Inv Mngrs Ltd (1200)F						
Admin: 5 Rayleigh Rd, Hutton, Brentwood, Essex						
Enquiries: 0277 227300 Dealing: 0277 261010						
International Jul 1	0	47.71	47.71	48.21	-	11.53
Sun Alliance Unit Tst Mngmt Ltd (1200)F						
St Mark's Court, Horsham 0403 232323						
Equity	6	603 7	611.2	653.7	-0.7	3.13
North American	6	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Far East	6	84 33	84.33	90.19	-0.62	0.47
W'wide Bond	6	46.95	46.95	49.95	+0.06	6.16
European	6	67 02	67 02	71.68	+0 27	1.57
Equity Income	6	66 62	66.62xd	71.25	+0.37	5.52
Portfolio	6	56.39	56.39	60.31	-0.05	1.71
UK Leading Cos	6	43 12	43 73	46 52	-	3 17
Broker Trusts						
Intel Equity	6	44 06	44 47	47.56	+0.12	2.87
Sun Life of Canada Unit Mgrs Ltd (1000)H						

Sun Life Trust Mngmt Ltd (1200)H

TSB Unit Trusts (1200)H

T.U. Fund Managers Limited (1200)H

Touchstone Unit Trust Mgrs Ltd (1200)F

Thornton Unit Managers Ltd (1200)F

Three Counties Asset Mngmt Ltd (1430)F

Timberlake Trust Mngrs Ltd (0900)F

United Charities Unit Trusts (1000)H

Waverley Unit Tst Mngmt Ltd (1000)F

Wessex Asset Management (1600)F

Whittingdale Unit Tst Mgmt Ltd (0830)F

Woolwich Unit Trust Managers Ltd (1700)H

OTHER UK UNIT TRUSTS

Baillie Gifford & Co Ltd

James Capel Fund Managers Ltd

Cent. Bd. of Fin. of Church of England

Charities Official Investment Fund

CAFINVEST—Charities Aid Foundation

COIF—Charities Official Inv Fund

Charity Fixed Int Fd/Charity Equity Fd

Edinburgh Fund Mngrs PLC

Fidelity Investment Services Ltd

Robert Fleming Asset Mngmt Ltd

Foreign & Colonial Unit Management Ltd

Funds in Court

Henderson Unit Trust Management Ltd

INVESCO MIM Management Ltd

Lazard Brothers & Co Ltd

Lazard Investors Ltd

Local Authorities Mutual Invest. Tst.

M & G Securities Ltd

Morgan Grenfell Investment Funds Ltd

Morgan Stanley International

Murray Johnstone UT Mngmt

Phillips & Drew Fund Management Ltd

Rothschild Asset Management

J. Rothschild Fund Managers Ltd

Scottish Amicable Investment Managers Ltd

Stewart Ivory & Co Ltd

Thornton Unit Managers Ltd

For Touche Ross see Scottish Equitable Funds

INSURANCES

Abbey Life Assurance Co Ltd

Acorn Life Assurance Ltd

AEGON Life Assurance Co (UK) Ltd

AEtna Life Insurance Co Ltd

Albany Life Assurance Co Ltd

Allied Dunbar Assurance Plc

American Life Insurance Co UK

Barclays Life Assur. Co Ltd

Black Horse Life Assurance

Britannia Life Assurance

Britannia Life Ltd

CCL Assurance Ltd

Canada Life Group

Cannon Assurance Ltd

Century Life Plc

Century Life Plc—Contd.

Citibank Life

City of Westminster Assurance

Clerical Medical/Fidelity Investments

Clerical Medical Investments Group

Colonial Mutual Group

Commercial Union Group

Consolidated Life Assurance Co Ltd

Cornhill Insurance PLC

Crown Financial Management Ltd

Eagle Star Life Assurance Co Ltd

Eagle Star Insur./Midland Assur.

Equitable Life Assurance Society

Equity & Law

Equity Assurance Company Ltd

Family Assurance Society

Friends' Provident

General Accident

General Portfolio Life Insur Plc

GT Unit Managers Ltd

Growth & Sec. Life Assce. Sec. Ltd

Guardian Royal Exchange

Hearts of Oak Insurance Group

Henderson Administration

Hill Samuel Life Assur. Ltd

Homeowners Friendly Society

Imperial Life Assurance

Irish Life Assurance Co Plc

Lancashire & Yorkshire Assce Society

Laurentian Life plc

Legal & General

Liberty Life Assurance Co Ltd

Life Association of Scotland

Lifetime Assurance Co Ltd

London Indemnity & Gnl. Ins. Co Ltd

London Life

London & Manchester Assurance

M & G Life and M & G Pensions

MGM Assurance

Manchester Unity Assurance

Manulife Group

Merchant Investors Assurance Co Ltd

Mercury Life Assurance Co Ltd

Midland Life Limited

NEL Britannia Assce Co Ltd

NEL Britannia Assce Co Ltd—Contd.

NEL Pensions Ltd

NM Life Assurance Ltd

N & P Life Assurance Ltd

National Mutual Life

National Provident Institution

Norwich Union Asset Management Ltd

Norwich Union Life Insurance Soc.

Norwich Union Pensions Management Ltd

Continued on next page

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	Bid Price	Offer Price	+ or -	Yield Gross
Pearl Assurance (Unit Funds) Ltd				
Lynch Wood, Peterborough PE2 6FY			0733 470470	
Property Dist. (Gross)	136 0	143 2		-
Property Acc. (Gross)	259 2	272 9	+0 1	-
Equity (Gross)	857 8	903 0	-1 4	-
Managed (Gross)	605 3	637 1	-2 3	-
Property Acc. (Net)	123.9	130 4		-
Equity (Net)	199 5	210 0	+1 0	-
Adventurous Managed	91.9	96 7	-0.7	-
Managed (Net)	186 4	196 2	-0 6	-
Cautious Managed	96 0	101 1		-
International (Net)	159.0	167 4	-0 5	-
Gilt & Fixed Interest	141 9	149 4	+0.7	-
Money Fund	139 9	147.3		-
Mixed Fund (Cap)	117.3	123 5		-
Mixed Fund (Acc)	121 7	128 2		-
Pearl Assurance (Unit Linked Pens) Ltd				
Ret Man (Series 1)	656 6	691 2	-2 4	-
Ret Man (Series 2)	222 6	234 4	-0 9	-
Ret. Cash	197 3	207 7	+0 1	-
Pens Mixed Fd (Cap)	130 1	137 0		-
Pens Mixed Fd (Acc)	135 1	142 3		-
Pens Stig Fd (Cap)	103 5	109 0		-
Pens Stig Fd (Acc)	107 5	113 2		-

For Pioneer Mutual see Swiss Pioneer

	Bid Price	Offer Price	+ or -	Yield Gross
Premium Life Assurance Co Ltd				
37-39, Perrymount Road, Haywards Heath			0444 458721	
American	132.0	139.0	-3 0	-
Building Soc. Fd	223 0	235 0		-
Balanced	271.0	286 0		-
European	207 0	218 0		-
FT Managed	184 0	194 0		-
Gartmore Mngd	121 0	128 0		-
Gensler	133 0	140 0		-
Gilt	181 0	191 0		-
Global	40 0	43 0		-
International Equity	196 0	207 0	-1 0	-
Japan	162 0	171 0		-

OFFSHORE INSURANCES

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)

ISLE OF MAN (SIB RECOGNISED)

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ISLE OF MAN (REGULATED)

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

WORLD STOCK MARKETS

US MARKETS (4:00 pm)

July 2	US$	+ or −
AAR Corp	13⅛	..
AMP Inc	55⅛	.
AMR Corp	64⅞	
ASA	40½	
Abbott Labs	29⅞	
Acme Cleveland	4 75	.
Advanced Micro	7⅛	
Aetna Life	43⅛	....
Affiliated Publ	11	
Aflac	31⅛	.
Ahmanson (HF)	16⅛	
Air Prod & Chemical	42½xd	..
Alberto-Culver B	22½	..
Albertson s	42⅝	
Alcan Aluminium	21⅛	
Alco Standard	37⅛	...
Alexander & Alex	21⅛	.
Alex & Baldwin	23⅛	.
Allegheny Power	44½	.
Allied Signal	54½	
Aluminum Co of Am	75⅛	..
Amax	20⅝	
Amdahl Corp	17⅝	
Amerada Hess	45⅛	.
Amer Brands	46⅛	...
Amer Cyanamid	56⅛	...
Amer El Power	32⅛	...
Amer Express	23½xd	.
Amer Genl Corp	48⅛	
Amer Greetings Cl A	42	..
Amer Home Pr	73½	.
Amer International	88⅜	
Amer Natl Ins	41	
Amer Stores	34½xd	.
Amer T & T	43⅞xd	.
Ameritech	64xd	....
Ames Dept Stores	0 56	....
Amstar Inc	15⅝	..
Amoco	47⅛	.
Analog Devices	9⅛	
Anheuser-Busch	56½	.
Aon Corp	46⅞	.
Apple Computer	46⅛	
Archer Daniels	23⅝	..

July 2	US$	+ or −
Corestates Finl	30⅝	....
Corning Inc	37⅞	...
Crane	24⅛	..
Cray Research	29	...
Crown Cork & Seal	31⅛	....
Cummins Engine	66⅛	.
Curtiss-Wright	30⅛xd	...
Cypress Semicond	8⅞	....
Cyprus Minerals	28⅛	....
DSC Commun	4 62	..
DQE	30⅛	....
Dana Corp	42½	....
Data General	7⅝	...
Dayton Hudson	65½	....
Deere	41⅛xd	....
Delmarva Pwr & L	23⅛	....
Delta Air Lines	54½	....
Deluxe Corp	44⅛	...
Detroit Edison	32	...
Dial Corp Del	35⅛	
Diebold Inc	52⅛	..
Digital Comms	17⅛	.
Digital Equipment	33⅝	.
Dillard Dept St	37⅛xd	....
Disney (Walt)	36⅛	...
Dole Food Inc	29	....
Dominion Res	38⅛	.
Donelley (RR)&Sons	56	..
Dover Corp	40½	.
Dow Chemicals	56⅛	..
Dow Jones	32⅛	..
Dravo Corp	8⅝	..
Dresser	20⅝	...
Dreyfus Corp	37⅛	....
Duke Power	34⅛	....
Dun&Bradstreet	56⅞	....
Du Pont	50½	..
E G & G Corp	22⅛	...
E-Systems	32⅛	....
Eastern Enterprises	27⅛	....
Eastman Kodak	39⅞	....
Eaton Corp	76⅛	
Echlin Inc	19⅛	
Emerson Electric	48⅞	..
Engelhard Corp	41⅛	....
Enron Corp	41⅝	....

July 2	US$	+ or −
Cons Edison	28⅛	..
Cons Freightways	12⅝	..
Cons Nat Gas	44	...
Cons Paper	39½	...
Cons Rail	90½	..
Contl Bank Corp	18⅞	.
Contl Corp	29⅛	..
Cooper Inds	49	....
Coors (Adolph)	19⅛	....

July 2	US$	+ or −
James River Va	20⅛	....
Jefferson Pilot	42	...
Johnson Controls	38⅛	...
Johnson & Johnson	45⅝	....
K Mart	22⅞	...
Kellogg	65½	....
Kennametal	33	....
Kerr-McGee	39⅛	....

July 2	US$	+ or −
Pinnacle West Cap	18⅛	
Pioneer Hi Bred	80xd	
Pitney Bowes	30½	
Pittston	15⅞	
Polaroid	27⅛	
Policy Mgt Sys	65	...
Potlatch Corp	43⅛	...
Potomac El Pwr	25⅞	....
Premier Indl	32⅛	.

July 2	US$	+ or −
Vornado	31	..
Vulcan Materials	45⅝	
Wachovia	61⅛	...
Walmoco Oil	3.37	....

July 2	Can. $	+ or −
Trimac	7⅝	−⅛
Trizec A	5⅛	+⅛
United Dominion	10⅞	−⅛
Westcoast Energy	15½	+⅛
Weston (George)	37	−⅛

INDICES

NEW YORK

DOW JONES	Jul 2	Jul 1	Jun 30	Jun 29	1992 HIGH	1992 LOW	Since compilation HIGH	Since compilation LOW
Industrials	3330.29	3354.10	3318.52	3319.86	3413.21 (1/6)	3172.41 (2/1)	3413.21 (1/6/92)	41.22 (2/7/32)
Home Bonds	100.36	99.93	100.01	100.08	100.36 (2/7)	98.41 (30/3)	100.36 (2/7/92)	54.99 (1/10/81)
Transport	1324.74	1341.37	1315.77	1316.52	1407.68 (20/2)	1277.65 (26/6)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	213.57	212.44	211.13	210.38	225.59 (3/1)	200.74 (8/4)	236.23 (2/1/90)	10.50 (8/4/32)

♦Day's High 3385.39 (3366.40) Low 3303.27 (3305.41)

STANDARD AND POOR'S

	Jul 2	Jul 1	Jun 30	Jun 29	1992 HIGH	1992 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	411.79	412.88	408.14	408.94	420.77 (15/1)	394.50 (8/4)	420.77 (15/1/92)	4.40 (1/6/32)
Industrials	483.64	485.99	480.31	481.72	499.27 (15/1)	470.91 (8/4)	499.27 (15/1/92)	3.62 (21/6/32)
Financial	36.47	36.15	35.70	35.58	36.47 (2/7)	32.40 (8/4)	36.47 (2/7/92)	8.64 (1/10/74)
NYSE Composite	226.41	226.75	224.33	224.44	231.85 (15/1)	217.92 (8/4)	231.85 (15/1/92)	4.46 (25/4/42)
Amex Mkt. Value	382.55	383.01	379.28	377.10	418.99 (12/2)	374.04 (26/6)	418.99 (12/2/92)	29.31 (9/12/72)
NASDAQ Composite	563.35	568.99	563.60	558.80	644.92 (12/2)	547.84 (26/6)	644.92 (12/2/92)	54.87 (31/10/72)

	Jun 26	Jun 19	Jun 12	year ago (approx.)
Dow Industrial Div. Yield	3.14	3.14	3.03	3.16

	Jul 1	Jun 24	Jun 17	year ago (approx.)
S & P Industrial div. yield	2.66	2.70	2.72	2.96
S & P Indl P/E ratio	20.74	20.14	20.03	16.95

NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Closing price	Change on day
Glaxo	5,514,100	24	− 1⅛
Ph Morris	3,957,400	77⅛	+ 1⅛
Gen Motors	3,283,000	41⅛	− 1⅞
Adv Micro	2,835,300	7⅝	− 1⅛
Telefonos	2,334,400	46⅛	+ ⅛
US Surgical	2,092,900	103	+ 4⅛
Coca Cola	2,037,500	41⅞	+ ⅛
Ford	2,012,500	43⅛	− 2⅛
Fannie Mae	1,952,500	64⅞	+ 2
Chrysler	1,813,400	19⅛	− 1⅛

TRADING ACTIVITY

† Volume (Millions)	Jul 2	Jul 1	Jun 30
New York SE	220.130	214.240	195.520
Amex	9.784	10.431	13.280
NASDAQ	194.651	186.083	195.185
NYSE			
Issues Traded	2,281	2,261	2,296
Rises	936	1,208	996
Falls	832	534	731
Unchanged	513	519	569
New Highs	107	78	63
New Lows	33	26	37

CANADA

TORONTO	Jul 2	Jul 1	Jun 30	Jun 29	1992 HIGH	1992 LOW
Metals & Minerals	3188.60	(c)	3167.82	3126.91	3238.87 (16/1)	2828.26 (8/4)
Composite	3408.10	(c)	3387.70	3375.80	3666.00 (16/1)	3318.10 (8/4)
MONTREAL Portfolio	1796.88	(c)	1785.83	1788.90	1937.59 (16/1)	1727.04 (8/4)

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable

	Jul 3	Jul 2	Jul 1	Jun 30	1992 HIGH	1992 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1663.2	1661.7	1647.7	1644.7	1684.50 (22/5)	1545.30 (9/4)
All Mining (1/1/80)	725.8	725.0	718.6	714.7	726.80 (3/7)	660.30 (2/1)
AUSTRIA						
Credit Aktien (30/12/84)	385.30	385.34	387.45	390.77	458.57 (24/2)	372.24 (3/1)
Traded Index (2/1/91)	933.22	952.66	935.11	942.13	1099.43 (24/2)	981.64 (2/1)
BELGIUM						
BEL20 (1/1/91)	1174.80	1170.31	1162.86	1162.75	1235.40 (2/6)	1097.23 (8/1)
DENMARK						
Copenhagen SE (3/1/83)	319.58	317.61	320.26	321.35	366.29 (15/1)	316.58 (23/6)
FINLAND						
HEX General (28/12/90)	750.7	754.0	751.8	763.0	935.90 (24/2)	750.70 (3/7)
FRANCE						
CAC General (31/12/81)	509.25	509.80	498.71	517.94	551.93 (12/5)	475.53 (2/1)
CAC 40 (31/12/87)	1883.64	1873.52	1880.92	1900.63	2077.49 (11/5)	1749.91 (2/1)
GERMANY						
FAZ Aktien (31/12/58)	698.92	699.74	695.33	699.61	725.26 (26/5)	643.26 (9/1)
Commerzbank (1/12/53)	1977.70	1980.90	1967.20	1960.90	2043.80 (25/5)	1813.80 (8/1)
DAX (30/12/87)	1776.98	1768.61	1756.26	1752.63	1811.57 (25/5)	1578.73 (8/1)
HONG KONG						
Hang Seng Bank (31/7/64)	6661.85	6073.74	6134.75	6103.92	6134.75 (1/7)	4301.78 (2/1)
IRELAND						
ISEQ Overall (4/1/88)	1289.15	1292.85	1304.64	1310.84	1469.57 (17/1)	1289.15 (3/7)
ITALY						
Banca Com. Ital. (1972)	446.16	444.51	450.75	454.16	551.90 (6/2)	444.16 (3/7)
MIB General (2/1/92)	873.0	873.0	886.0	893.0	1086.00 (5/2)	873.00 (2/7)
JAPAN						
Nikkei (16/5/49)	16717.78	16757.63	16325.87	15951.73	23801.18 (6/1)	15740.27 (29/6)
Tokyo SE (Topix) (4/1/68)	1293.55	1291.69	1258.98	1236.20	1763.43 (6/1)	1196.19 (9/6)
2nd Section (4/1/68)	1917.03	1893.72	1871.14	1868.82	2859.85 (8/1)	1840.82 (30/6)
MALAYSIA						
KLSE Composite (4/4/86)	596.08	(u)	596.47	592.33	619.06 (28/2)	546.63 (14/1)
NETHERLANDS						
CBS Ttl.Rtn Gen.(End 1983)	301.5	300.0	299.6	301.0	314.90 (9/6)	274.00 (8/1)
CBS All Shr (End 1983)	206.0	205.0	204.5	205.7	215.50 (26/5)	192.40 (8/1)
NORWAY						
Oslo SE (Ind) (2/1/83)	678.58	673.38	682.91	693.86	772.74 (18/5)	667.08 (25/2)
PHILIPPINES						
Manila Comp (2/1/85)	1477.16	1513.57	1524.09	(c)	1580.95 (11/6)	1083.01 (17/3)
SINGAPORE						
SES All-Singapore (2/4/75)	401.00	403.36	402.40	400.38	416.99 (21/1)	370.13 (9/4)
SOUTH AFRICA						
JSE Gold (28/9/78)	1099.0	1111.0	1092.0	1097.3	1327.00 (21/1)	1006.00 (29/4)
JSE Industrial (28/9/78)	4500.0	4506.0	4528.0	4530.0	4689.00 (9/4)	4169.00 (2/3)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	547.22	548.28	551.98	552.03	691.48 (8/2)	547.20 (3/7)
SPAIN						
Madrid SE (30/12/85)	239.46	236.05	235.48	238.32	266.31 (28/2)	233.45 (3/6)
SWEDEN						
Affarsvarldes Gen. (1/2/37)	914.60	917.40	906.90	913.0	1014.90 (11/5)	906.90 (1/7)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	875.9	872.8	869.9	872.6	883.40 (11/5)	748.50 (8/1)
SBC General (1/4/87)	657.8	653.4	650.4	652.5	682.30 (11/5)	601.10 (8/1)
TAIWAN**						
Weighted Price (30/6/66)	4455.98	4454.08	(c)	4523.81	5391.63 (30/1)	4288.17 (13/5)
THAILAND						
Bangok SET (30/4/75)	738.86	746.94	(c)	751.45	832.39 (7/4)	667.84 (19/5)
WORLD						
M.S. Capital Intl.(1/1/70) (‡)	503.6	504.4	500.7	496.4	542.10 (7/1)	467.50 (8/4)
Euro Top-100 (26/6/90)	910.82	904.86	903.22	909.71	976.35 (25/5)	830.31 (2/1)

**Saturday June 27: Taiwan Weighted Price 4498.44; Korea Comp Ex 551.38.
♦ Subject to official recalculation. *Calculated at 15.00 GMT.
Base values of all indices are 100 except Austria Traded, BEL20, HEX Gen., MIB Gen., Euro Top-100, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE 25 Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed. (u) Unavailable

Price data supplied by Telekurs.

WORLD STOCK MARKETS

EUROPE

Bourses firm on hopes of lower rates

CONTINENTAL bourses chose to focus on lower interest rates, following the US Federal Reserve's cut on Thursday, *writes Our Markets Staff*.

FRANKFURT rose in trading marked by wide swings in individual stocks. The day improved from a 0.82 decline to 698.92 in the FAZ index at mid-session to a 8.37 rise to 1,776.98 in the DAX at the close, leaving gains on the week of 0.4 and 1.3 per cent respectively.

Turnover jumped from DM6.5bn to DM8bn. Among blue chips, chemicals recovered from rumours of downgrades to close narrowly mixed, and carmakers climbed again with BMW DM7 higher at DM593, Daimler DM8 higher at DM770 and Volkswagen, which had gone ex-dividend, a net DM9.30 higher at 386.80.

Banks extended their gains sedately after the US discount rate cut, reflected in a drop in the Bundesbank's average bond yield of 9 basis points to 8.25 per cent.

Still among the DAX constituents, there were big moves in Lufthansa and Continental. The airline ended DM9.80 lower at DM114.70, after DM105 following its DM600m operating loss for the first five months of 1992.

The tyremaker, however, rose DM9.50 to DM267 on speculation that Pirelli could overturn its voting rights limit and relaunch its failed takeover bid.

Among second-liners, Asko resumed trading with a drop of DM109 to DM636, above a day's low of DM601, after a three-day suspension during which it announced a loss and passed the dividend.

PARIS recouped Thursday's fall but trading was confined to a fairly narrow range. The CAC 40 index rose 10.12 to 1,883.64, down 1.6 per cent on the week, in thin turnover of FFr1.64bn.

Suez was one of the most active shares, dropping to FFr3.80 to FFr270.20, on fears that it would have to increase its property provisions for 1992. The company has already warned shareholders that it will have to make provisions of FFr1.2bn.

Euro Disney dropped FFr1.70 to FFr105.10 on fears that the French lorry drivers' blockades would harm the theme park's attendance figures.

MILAN ended slightly higher after a nervous and volatile session. There was some professional buying at the start, in anticipation of a technical rebound next week, but the lack of follow-through buying by institutions prompted some dealers to square their positions ahead of the weekend.

Dealers were also worried that opposition parties' calls for the resignation of the new finance minister, Mr Giovanni Goria, in connection with two scandals, could put the country's new government at risk. The Comit index fell 0.35 to 444.16, down 3.9 per cent on the week, in turnover estimated at L100bn after L103.8bn.

Among issues which settled early, Fiat rose L22 to L5,112 but slipped to L5,090 later in the session.

ZURICH closed an hour early as it moved to a new bourse building, and celebrated with the SMI index 15.9 higher at 1,870.5, 1.9 per cent higher on the week.

Dealers liked lower interest rates at home and abroad. Trading was active, led by the obvious beneficiaries in banking and insurance, where SBC rose SFr10 to SFr262 and Winterthur by SFr60 to SFr3,150.

MADRID produced a technical rebound which took the general index up by 3.39 to 239.44, still 1.6 per cent lower on the week. However, dealers said that domestic and international sentiment was still bad, that there had been no major news to encourage the turnround and that short-term speculators were behind it.

AMSTERDAM *closed broadly* higher on the back of a firmer dollar but trading was thin. The CBS Tendency index rose 0.4 to 123.0, down 0.7 per cent on the week.

The food producer Wessanen rose Fl 1.90 to Fl 89.50 on news that it had sold its milling, baking and starch operations to Goodman Fielder Wattie of Australia.

BRUSSELS closed mixed in trading dominated by Petrofina. The Bel-20 index inched up 4.49 to 1,174.80 in turnover of BFr1.2bn. Petrofina climbed BFr100 to BFr11,150 and accounted for 60 per cent of the day's business.

STOCKHOLM finished flat to lower in thin trade with the Affärsvärlden General index 2.8 down at 914.6, 0.7 per cent down on the week.

Foreign interest helped three blue chips buck the trend, Asea B rising SKr2 to SKr392, Volvo by SKr3 to SKr385 and Astra B by SKr7 to SKr532, but volume slipped to a very thin SKr245m from SKr392m a day earlier.

In COPENHAGEN, the all-share index fell 0.78 to 319.50, also in very thin trading, *writes Hilary Barnes*. Hafnia Holding was still suspended and a statement was awaited concerning its rights issue, subscriptions to which were postponed on Thursday.

OSLO *recovered earlier* losses to close virtually unchanged in slow summer trade focused on the insurance company, Uni Storebrand.

The all-share index ended 0.03 higher at 393.26, down 2.8 per cent on the week, as Uni Storebrand recovered NKr1 to NKr31in 315,000 shares after a mid-week fall on a report, since denied, that the company was close to technical bankruptcy.

HELSINKI hit a new 1992 low in slow trade, the Hex index falling 3.3 to 750.7, 2.2 per cent down on the week.

ISTANBUL fell on continued profit-taking as the 75-share index lost 68.7 to 4,175.96.

FT-SE Eurotrack 100 - Jul 3

Hourly changes

Open	10.30am	11 am	12 pm	1 pm	2 pm	3 pm	close
1135.61	1136.11	1137.16	1139.50	1140.90	1141.51	1140.52	1142.19

Day's High 1142.45 Day's Low 1134.87

Jul 2	Jul 1	Jun 30	Jun 29	Jun 26
1134.63	1132.36	1139.30	1141.48	1145.05

Base value 1000 (26/10/90).

Mexican bolsa loses its international appeal

Foreigners are selling out on concerns about the economy and corporate earnings, says Damian Fraser

Mexico's stock market has lost some of its glitter in the past month. The foreigners who pushed the market up and up for two years have taken fright, causing the market to fall 15.5 per cent in June, the sharpest drop since October 1987.

While the market has recovered somewhat this week, some analysts warn that it remains vulnerable. Economic growth is sluggish, which is likely to have an impact on second quarter earnings. "If one of these [large] companies reports bad earnings, I can see the market falling again," says Mr David Hale, chief economist at Kemper Financial Services.

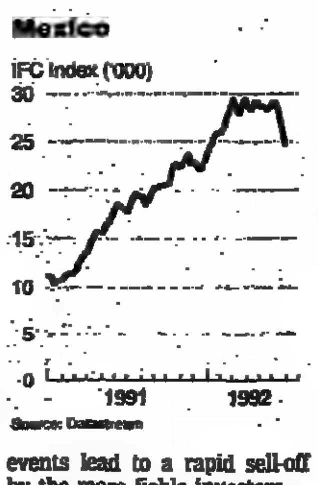
The capacity for unpleasant surprises remains since most Mexican companies and analysts do not bother too much about quarterly earnings forecasts, while many American analysts do not understand Mexico's complicated inflation accounting.

This room for misunderstanding between the Mexican and US cultures was brought home last month when largely-unfounded rumours over the sale of Telmex stock by the telephone union caused a certain panic in New York, and a sharp drop in Telmex's share price. Before Telmex had time to recover, an attack on its growth prospects and accounting practices by an independent US analyst, Mr David Bodenberg, caused the price to fall once again.

"What you have," says Mr Terry Mahony, who manages the Baring Puma Fund, "is completely neophyte investors applying American analytical techniques to Mexico." Other US investors put it differently. Mr Robert Gay of Banker's Trust says: "Mexican companies do not recognise the information required of them. Last year's numbers are never the same, and are always being revised."

Foreign investors ploughed into the Mexican market last year and in the first few months of 1992, raising their stake from a modest $4.25bn at the beginning of 1991 to $27.2bn at the end of May. They became the dominant force in the *bolsa*, holding 20 per cent of the market capitalisation, and between one-half and two-thirds of the market float – that is, those shares which are actively traded.

Until last month foreigners had been rewarded handsomely, with the market more than doubling in 1991, and up 33 per cent in the first five months of this year. But in June a series of troubling



events lead to a rapid sell-off by the more fickle investors.

Top on the list of bad news was uncertainty over the US election, caused by the then growing popularity of Mr Ross Perot and the fear that, if elected, he would not support the North American free agreement (Nafta).

While brokers are keen to say that Nafta merely makes Mexico even more attractive, the perception among many investors is that the agreement is crucial for the long-term stability of Mexico's economic policy. When Nafta's future came in doubt, many started to sell.

Two worrying trends exacerbated the bad news. First, there was the overwhelming amount of stock that Mexican companies were offering on national and international markets. In 1991 Mexican companies offered $4.8bn of new stock, and to mid-June this year another $4.3bn. Add to that the figure of roughly $12bn of bank stock auctioned off by the government, and over $21bn worth of new Mexican equity has been sold in 18 months.

"That is equal to 6.7 per cent of Mexico's GDP," says Mr Timothy Heyman of Baring Research in Mexico City. "In the US it would be like trying to sell off nearly $400bn of stock in 18 months."

The straw that broke the market's back was the proposed offering of 220m shares in Banacci, comprising Mexico's largest bank, Banamex, which was intended to fetch $1.5bn.

The offering, personally supported by Mexico's finance minister, Mr Pedro Aspe, served little obvious purpose, since Banacci is well-capitalised, and its owners had already paid the government $3.2bn for 70.7 per cent of the shares in the recently privatised bank without difficulty.

At the last minute, the offering had to be abandoned because of the market fall in June. With it, a host of other issues in the pipeline, led by Grupo Simec and Grupo Synkro, were postponed.

A further concern is the perceived slowdown in Mexico's economy this year. Mr Gray from Bankers Trust expects Mexican growth to be around 3 per cent this year, and warns that some companies' earnings will be disappointing. As he points out, Mexico has tightened short-term interest rates since April, with rates up by around 5 percentage points.

Companies geared to the consumer and construction markets are likely to suffer from the higher rates. Cemex, Mexico's main cement producer, reckons that volume will increase by 9 per cent in the second quarter, against the 10-11 per cent previously forecast. Also, in April, a number of Mexican banks which had bought bonds offering 2 per cent above inflation are reported to have lost heavily as nominal rates have climbed to 16.5 per cent, 4.5 percentage points above expected inflation for 1992.

The peso has been weak in the second quarter, which means that the dollar earnings of US-quoted companies – in particular Telmex, 25 per cent of the market, and Vitro, the country's largest industrial company – will be lower than many US analysts expected.

The bolsa nevertheless rallied this week, as many experienced investors believed that the market had over-reacted to the bad news. Mr Luis Pellat, an analyst at Banamex, argues that "the market is undervalued with respect to the valuations we have for the companies. We see this as a moment to position ourselves for the long term". The market has a prospective price/earnings ratio of 11 for 1992, down from 13 just one month ago.

Whether this a good buy or not depends a large part on the mood in the US, and its inclination to invest in emerging markets. A flight to quality would hurt Mexico more than most, since it needs substantial capital inflows to finance its mushrooming current account deficit, expected to top $16bn this year.

Mr Jorge Mariscal, manager of Latin American equities research at Goldman Sachs, says that Mexico has already been victimised by the bearish mood among international investors. He doubts that this will change in the short-term. "I don't think the Mexican market will do much until the uncertainty over the US elections is resolved," he says.

ASIA PACIFIC

Late index-linked selling interrupts Nikkei's rise

Tokyo

LATE index-linked selling and profit-taking ahead of the weekend erased early gains, and the Nikkei average closed marginally lower, disappointing investors who had hoped that the index would post its first four-day rise since October last year, *writes Emiko Terazono in Tokyo*.

The 225-issue average closed down 39.85 at 16,717.78 but ended 5.7 per cent higher on the week, having risen more than 1,000 points over the previous three days. The index fell to the day's low of 16,617.72 on early profit-taking but moved higher on buying by investment trusts, reaching the day's high of 16,956.06 in the afternoon.

Volume fell from 337m shares to 330m. Advances led declines by 613 to 351, with 134 issues remaining unchanged. The Topix index of all first section stocks gained 1.86 to 1,293.55 and in London, the ISE/Nikkei 50 index fell 0.15 to 1,016.19.

Investors were hopeful of an imminent cut in the official discount rate by the Bank of Japan, following a similar move in the US on Thursday. "Investors are hoping that some decisions on monetary policy will be made during the Bank of Japan's branch manager meeting next week," said an analyst at Daiwa Securities.

With most institutional investors remaining absent from the market, speculative theme stocks led the activity. Taiyo Fishery, which is planning to breed blue-fin tuna, was the most active issue of the day, rising Y30 to Y491. But Nippon Formula Feed, the feedstuff maker which has also been popular for the same reason, fell Y32 to Y740. Investors were discouraged by restrictions on stock lending by Japan Securities Finance, the sole lender of stock for margin trading.

Toyama Chemical advanced Y45 to Y765 and Green Cross surged Y149 to Y1,070. The two pharmaceutical companies were reported to be in joint development of an anti-Aids drug.

Meanwhile, blue chip high technology issues fell back on profit-taking. Hitachi plunged Y17 to Y780 and Fujitsu Y9 to Y633. Some banks were also lower, with Industrial Bank of Japan down Y20 to Y1,610 and Sumitomo Bank retreating Y30 to Y1,390.

In Osaka, the OSE average advanced 242.99 to 19,692.24 in volume of 13.3m shares.

Roundup

EQUITIES in the Pacific Basin were mixed yesterday, with no panic response to the overnight slide on Wall Street. Markets which moved seemed, indeed, to have stimuli of their own. Bombay was officially reopened after closing for settlements on Thursday, but brokers refrained from trading.

HONG KONG digested the Sun Hung Kai Properties equity funding, which turned out to be a HK$3.3bn share placing, then regained some interest in the afternoon as it anticipated the prime rate cut which came after the close.

The Hang Seng index fell 11.89 to 6,061.85, 0.8 per cent lower on the week, after touching a low of 5,985.22 for the day. Turnover dipped to HK$4.10bn from $4.51bn.

Brokers said that the market was worried that other property groups might follow Sun Hung Kai in making cash calls, and put pressure on share prices.

MANILA tumbled across the board on heavy selling of Philippine National Bank (PNB) after news of changes in accounting methods at the state-owned bank. The composite index fell 36.41 to 1,477.16, 3.2 per cent lower on the week.

Combined volume at Manila's two bourses rose to 3.1bn shares from 3.3bn, but slipped in value from 281m to 190.6m pesos.

NEW ZEALAND offered a limited, but still positive, response to the low-key budget delivered by the finance minister, Ms Ruth Richardson, on Thursday night. Shares took their cue from a rally in the bond market and the NZSE-40 index rose 6.88 to 1,541.89, up 0.9 per cent on the week in turnover of about NZ$22m.

Telecom was a major beneficiary of falling bond yields because of its status as the biggest utility stock; it rose 3 cents to NZ$2.11.

AUSTRALIA rose a little more on persistent hopes of an interest rate cut. The All-Ordinaries index closed 1.5 higher at 1,663.2, its highest level since June 10 and up 1.3 per cent on the week. Firm gold prices underpinned mining stocks. Turnover slipped to A$183m from A$229m.

KUALA LUMPUR returned from Thursday's national holiday, but many Malaysian investors stretched the holiday into a four-day weekend. The KLSE composite index closed off 0.39 at 596.08, fractionally higher on the week.

SINGAPORE continued to retreat although modest buying at the close helped lift prices above the intraday lows. The Straits Times Industrials index was down 7.63 at 1,484.10, down 0.6 per cent on the week.

SEOUL dipped to the lowest level in nearly five years as rumours of failured among small businesses weighed on a weak market. The composite index fell 1.08 to 547.20, a fall of 0.9 per cent on the week and the lowest close since January 1988.

The index would have fallen further if the stock market stabilisation fund had not bought 1.6m shares in the afternoon.

SOUTH AFRICA

JOHANNESBURG eased in cautious trading. The overall index closed 8 lower at 3,651 while the industrial index was off 6 at 4,500. The gold index lost 12 to 1,099. Lonrho shed 20 cents to R5.45 while Barlows lost 50 cents to R54.75.

AMERICA

Canada

TORONTO opened slightly firmer, but by midday the TSE-300 stood 8.39 higher at 3,416.53. Industrials, and financial services had the edge on other sectors by then, the sector indices rising 6.50 to 1,904.26, and 8.06 to 2,698.99.

● Wall Street was closed for Independence Day.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	THURSDAY JULY 2 1992								WEDNESDAY JULY 1 1992					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1992 High	1992 Low	Year ago (approx)
Australia (69)	147.43	+0.5	113.99	116.16	116.01	131.69	+0.8	4.15	146.66	113.78	115.79	115.67	130.61	153.68	140.94	140.99
Austria (19)	173.06	−0.3	133.81	136.36	136.18	136.13	−0.6	2.15	173.57	134.66	137.04	136.88	136.91	186.70	162.48	171.33
Belgium (42)	146.94	+0.6	113.62	115.77	115.62	112.88	+0.5	5.45	146.02	113.29	115.28	115.16	112.35	146.94	135.87	123.91
Canada (115)	126.19	+0.4	97.57	99.42	99.28	109.88	+0.5	3.30	125.71	97.53	99.25	99.14	109.33	142.12	124.32	138.69
Denmark (35)	245.34	+0.6	189.70	193.32	193.05	194.21	+0.4	1.83	243.93	189.25	192.58	192.38	193.42	273.94	226.81	236.27
Finland (15)	78.65	−0.5	60.81	61.97	61.89	67.88	−0.8	2.08	79.04	61.32	62.40	62.34	68.45	89.80	73.64	91.94
France (104)	163.07	−0.1	126.08	128.48	128.30	130.33	−0.3	3.58	163.26	126.66	128.88	128.75	130.73	168.75	148.06	120.60
Germany (65)	128.50	+0.9	99.35	101.26	101.11	101.11	+0.7	2.28	127.32	98.78	100.53	100.41	100.41	128.50	114.67	102.74
Hong Kong (55)	256.69	−1.1	198.47	202.25	201.99	254.81	−1.1	3.22	259.55	201.38	204.91	204.71	257.58	259.55	176.36	160.22
Ireland (16)	158.02	−1.0	122.18	124.51	124.34	126.37	−1.3	4.29	159.61	123.83	126.02	125.88	127.97	173.71	151.78	141.03
Italy (78)	67.74	−1.4	52.38	53.37	53.30	58.08	−1.4	3.80	68.71	53.31	54.25	54.19	58.93	80.86	67.74	70.54
Japan (473)	101.77	+2.8	78.69	80.19	80.09	80.19	+2.6	1.06	99.01	76.81	78.17	78.09	78.17	140.95	88.70	125.77
Malaysia (69)	241.54	+0.2	186.76	190.31	190.06	232.57	+0.0	2.69	241.01	186.98	190.27	190.08	232.57	250.18	212.49	228.32
Mexico (18)	1446.51	+4.1	1118.43	1139.75	1138.21	4938.36	+4.1	1.20	1389.10	1077.69	1096.71	1095.66	4742.35	1789.77	1355.22	1025.28
Netherland (25)	163.24	+0.2	126.22	128.62	128.45	127.07	+0.0	4.41	162.87	126.35	128.58	128.45	127.07	165.22	147.88	129.89
New Zealand (14)	46.75	+1.3	36.15	36.84	36.79	45.54	+1.1	4.99	46.14	35.80	36.43	36.39	45.03	48.52	42.01	47.78
Norway (23)	170.26	−0.5	131.64	134.16	133.98	137.10	−0.6	1.85	171.05	132.70	135.05	134.91	137.91	192.95	161.28	184.58
Singapore (38)	222.18	−0.4	171.78	175.06	174.82	165.66	−0.4	2.00	223.09	173.07	176.13	175.94	166.29	229.63	192.76	168.53
South Africa (61)	221.10	+1.1	170.95	174.21	173.97	183.93	+0.3	2.81	218.72	169.69	172.68	172.50	183.35	263.60	203.16	233.39
Spain (50)	150.79	+0.3	116.59	118.82	118.65	109.38	+0.2	5.68	150.30	116.60	118.67	118.54	109.19	161.72	146.86	142.88
Sweden (28)	196.20	+1.4	151.70	154.59	154.38	158.87	+1.2	2.48	193.55	150.16	152.81	152.65	156.95	200.28	173.09	183.84
Switzerland (64)	112.61	+1.2	87.07	88.74	88.62	94.81	+0.6	2.26	111.28	86.34	87.87	87.78	94.21	112.61	95.99	87.36
United Kingdom (227)	190.09	−0.3	146.98	149.76	149.56	146.98	−0.7	5.05	190.70	147.95	150.55	150.39	147.95	200.07	165.86	158.26
USA (522)	167.75	−0.3	129.70	132.18	132.00	167.75	−0.3	2.98	168.20	130.49	132.80	132.66	168.20	171.66	160.92	151.05
Europe (791)	153.66	+0.1	118.81	121.07	120.91	120.49	−0.2	4.03	153.54	119.12	121.22	121.10	120.72	158.86	139.31	127.50
Nordic (101)	181.40	+0.9	140.26	142.93	142.74	140.30	+0.8	2.20	179.78	139.47	141.94	141.79	139.26	188.52	169.66	176.35
Pacific Basin (718)	108.43	+2.3	83.83	85.44	85.32	86.82	+2.2	1.42	105.96	82.21	83.66	83.57	84.99	141.97	94.40	127.14
Euro − Pacific (1509)	126.72	+1.2	97.98	99.84	99.71	100.74	+1.0	2.69	125.20	97.13	98.84	98.74	99.74	145.21	113.80	127.61
North America (637)	165.14	−0.2	127.68	130.13	129.96	163.81	−0.2	2.99	165.54	128.43	130.71	130.58	164.19	169.69	158.70	150.19
Europe Ex. UK (564)	131.51	+0.4	101.68	103.64	103.51	105.03	+0.1	3.30	131.03	101.66	103.47	103.37	104.88	132.08	121.81	106.91
Pacific Ex. Japan (245)	173.96	−0.2	134.50	137.09	136.90	155.26	−0.2	3.45	174.38	135.29	137.69	137.54	155.50	175.31	149.00	140.75
World Ex. US (1703)	128.56	+1.2	99.40	101.30	101.16	103.13	+1.0	2.70	127.01	98.54	100.29	100.18	102.11	146.91	116.45	129.61
World Ex. UK (1998)	136.15	+0.7	105.27	107.28	107.14	120.58	+0.6	2.52	135.15	104.85	106.71	106.60	119.82	150.58	127.21	133.70
World Ex. So. Af. (2164)	140.30	+0.6	108.48	110.56	110.41	122.47	+0.5	2.81	139.45	108.19	110.11	109.99	121.88	153.05	130.04	135.22
World Ex. Japan (1752)	162.69	−0.1	125.79	128.20	128.03	147.69	−0.2	3.38	162.80	126.31	128.55	128.42	147.95	165.40	153.20	142.50
The World Index (2225)	140.80	+0.6	108.87	110.95	110.80	123.03	+0.5	2.81	139.94	108.57	110.49	110.38	122.43	153.70	130.66	135.87

Latest prices were unavailable for this edition. Malaysian market closed July 2.

LONDON SHARE SERVICE

BRITISH FUNDS

Notes	Price £	+or -	1992 high	1992 low	Yield Int.	Yield Red.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

BRITISH FUNDS - Cont.

Notes	Price £	+or -	1992 high	1992 low	Yield Int.	Yield Red.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

BRITISH FUNDS - Cont.

Notes	Price £	+or -	1992 high	1992 low	Yield Int.	Yield Red.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

OTHER FIXED INTEREST

Notes	Price £	+or -	1992 high	1992 low	Yield Int.	Yield Red.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

EDUCATION

APPOINTMENTS

LONDON SHARE SERVICE

AMERICANS

	Notes	Price £	+ or -	1992 high	1992 low	Mkt Cap £m	Yld Gr's
Abbott Labs	h	15 3/16 xc	-3/16	19 1/8	14 5/8	13,283	2.2
♥Allegheny & W		288p	-10	335p	226p	139.3	6.3
Amdahl		929p	-30	1169p	793p	1,036	0.6
Amer Cyanamid		29 1/2	-1/8	37	28 5/8	2,696	3.1
Amer Express		12 3/16 xd	+1/32	13 7/8	10 13/16	5,848	4.8
Amer T & T		22 7/8 xd	-1/16	24 7/8	20 1/8	30,340	3.2
Ameritech		33 3/4	—	36 15/16	32 1/2	14,559	6.0
BankAmerica		24 1/8 xd	+1/8	27 1/8	19 1/16	8,274	3.1
Bankers NY		31 11/16 xd	+1/16	37 1/4	28 7/8	2,636	6.0
Bell Atlantic		23 1/2	—	26 1/4	23 1/8	10,116	6.2
BellSouth		28	—	29 1/8	25	12,730	6.0
♥Bethlehem Steel		7 13/16 xd	-3/16	9 5/8	7	598.0	—
Bowater		1090p xd	-15	1579p	1075p	393.8	6.2
CPC	h	24 1/16 xd	+1/2	25 5/8	22 1/8	3,791	2.8
♥Cadiz Land Inc		215p	—	342p	166p	—	—
California Engy		620p	-44	833p	620p	112.9	—
Campbell Soup		18 1/2 xd	+1/16	23 1/2	17 5/8	4,788	2.3
Chase Manhattan		14 7/8 xd	+1/16	18 1/2	9 1/8	2,091	4.5
Chrysler		18 1/4 xd	-1/16	11 1/2	6 1/4	2,984	3.3
Citicorp		11 1/8 xd	+1/8	11 1/4	6 7/8	3,902	—
Colgate-Palm		27 3/8 xd	+1/16	29 7/8	25 1/4	4,388	2.2
Cont'l Bank		986p	+11	1036p	499p	996.4	3.4
Dana		22 1/8 xd	-1/16	24 1/2	14 3/8	1,881	4.1
Data General		390p	-21	1604p	388p	169.8	—
♥Decora Inds		106p	—	122p	86p	—	—
Dun & Brad		29 5/8	—	33 1/2	27 5/8	5,285	4.3
Eaton		38 7/8	-1 1/8	46 1/2	32 1/2	1,871	3.7
Echlin		10 1/8 xd	—	11	7 1/8	565.4	3.9
FPL		18 1/4 xd	+1/8	20	18 1/8	3,196	7.4
Fluor		20 3/16	-1/8	27	20 3/16	1,646	1.1
[illegible]							

CANADIANS

[illegible]

BANKS

[illegible]

BREWERS & DISTILLERS

[illegible]

BUILDING MATERIALS

[illegible]

BUILDING MATERIALS - Cont.

[illegible]

BUSINESS SERVICES

[illegible]

CHEMICALS

[illegible]

CONGLOMERATES

[illegible]

CONTRACTING & CONSTRUCTION

[illegible]

CONTRACTING & CONSTRUCTION - Cont.

[illegible]

ELECTRICALS

[illegible]

ELECTRICITY

[illegible]

ELECTRONICS

[illegible]

ENGINEERING - AEROSPACE

[illegible]

ENGINEERING - GENERAL

[illegible]

ENGINEERING - GENERAL - Cont.

[illegible]

FOOD MANUFACTURING

[illegible]

FOOD RETAILING

[illegible]

HEALTH & HOUSEHOLD

[illegible]

HOTELS & LEISURE

[illegible]

HOTELS & LEISURE - Cont.

[illegible]

INSURANCE BROKERS

[illegible]

INSURANCE COMPOSITE

[illegible]

INSURANCE LIFE

[illegible]

INVESTMENT TRUSTS

Authorised by the Inland Revenue

[illegible]

INVESTMENT TRUSTS - Cont.

[illegible]

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

INVESTMENT COMPANIES

MEDIA

MEDIA - Cont.

MERCHANT BANKS

METALS & METAL FORMING

MISCELLANEOUS

MOTORS

OIL & GAS

OIL & GAS - Cont.

OTHER FINANCIAL

OTHER INDUSTRIAL MATERIALS

PACKAGING, PAPER & PRINTING

PACKAGING, PAPER & PRINTING - Cont.

PROPERTY

STORES

STORES - Cont.

TELEPHONE NETWORKS

TEXTILES

TRANSPORT

WATER

SOUTH AFRICANS

PLANTATIONS

MINES

MINES - Cont.

Diamond and Platinum

Central African

Finance

Australians

Tins

Miscellaneous

GUIDE TO LONDON SHARE SERVICE

Company classifications are based on those used for the FT-Actuaries Indices and FT-Actuaries World Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid-prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm +) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

■ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ) and non-UK stocks which are quoted on SEAQ International.
● "Tap Stock"
* Highs and lows marked thus have been adjusted to allow for rights issues for cash.
† Interim since increased or resumed.
‡ Interim since reduced, passed or deferred.
¤ Tax-free to non-residents on application.
♦ Figures or report awaited.
♥ Not officially UK listed; dealings permitted under rule 535(4)(a).
✧ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
‡‡ Not officially UK listed; dealings permitted under Rule 535(2).
# Price at time of suspension.
¶ Indicated dividend yield after pending scrip and/or rights issue.
♦ Merger bid or reorganisation in progress.
§ Forecast dividend yield; p/e based on earnings updated by latest interim statement.
♣ Unregulated collective investment scheme.

a Yield based on annualised dividend.
b Figures based on prospectus or other official estimates.
c Cents.
f Flat yield.
g Assumed dividend yield after rights issue.
h Assumed dividend yield after scrip issue.
n Rights issue pending.
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings.
v Subject to local tax.
z Dividend yield includes a special payment.
E Auction basis.
F Yield based on prospectus or other official estimates for 1990-91.
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other official estimates for 1991.
K Yield based on prospectus or other official estimates for 1992-93.
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for 1991-92.
N Yield based on prospectus or other official estimates for 1992.
P Figures based on prospectus or other official estimates for 1991.
R Forecast annualised yield, p/e based on prospectus or other official estimates.
T Figures assumed.
W Pro forma figures.
Z Dividend yield to date.

Conventions
xd ex dividend.
xc ex scrip issue.
xr ex rights.
xa ex all.
xi ex capital distribution.

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FINANCIAL TIMES
Weekend July 4/July 5 1992

De Klerk accused of ignoring ANC demands on violence

Mandela rejects offer of talks

By Julian Ozanne in Abuja and Philip Gawith in Johannesburg

MR NELSON MANDELA, leader of the African National Congress, yesterday ruled out an emergency meeting offered by President F W de Klerk, saying he wanted the government first to meet ANC demands on violence.

"De Klerk has completely evaded all our demands and adopted a very negative tone which puts us in a worse position than before," Mr Mandela said in Abuja, the Nigerian capital, after meeting President Ibrahim Babangida.

"We will only go to an emergency summit meeting if he complies with the demands we have presented."

The ANC is seeking an international inquiry into the massacre of 42 people at Boipatong near Johannesburg last month. It broke off talks in protest against government intransigence at negotiations and ongoing violence in the country.

Chief Emeka Anyaoku, the Nigerian leader of the Commonwealth, yesterday held talks in South Africa with political leaders, signalling the prospect of increased international efforts to help resolve the deadlock.

His visit follows the announcement by Mr Boutros Boutros Ghali, the United Nations secretary general, that the UN was prepared to mediate in South Africa, and talk of a visit by a troika of European Community foreign ministers.

Chief Anyaoku met Chief Mangosuthu Buthelezi, leader of the mainly Zulu Inkatha Freedom Party following earlier meetings with Mr de Klerk, and with Mr Mandela, whom he saw in Dakar, the Senegalese capital, during the Organisation of African Unity summit.

A delegation of business leaders yesterday also met Chief Buthelezi as part of a programme to visit all the main political leaders to encourage a quick resolution of the impasse. The South African Chamber of Business has also announced that businessmen across the country will make themselves available to monitor police responses to violence.

But Mr De Klerk's strongly-worded attack on the ANC this week, in which he accused it of being an unreliable negotiating partner, leaves the two main political players set on a confrontation course. The ANC remains committed to mass action to try to hasten the transition to democracy, while the government says it will not tolerate ANC attempts to seize power.

Mr Mandela said yesterday that these allegations were "utterly false" and also rejected charges that the ANC stand on township violence was "hard line" saying "people must use mass action and the power they have when discussions with the authorities have become futile".

Despite the confrontational tone of government comments, contained in a letter to Mr Mandela, the path back to the negotiating table has not been shut off. An appendix to the letter sets out a number of proposed government concessions.

The gulf widens, Page 6

French truckers switch focus of protest to south

By Alice Rawsthorn in Paris

FRENCH roads remained chaotic yesterday despite the government's efforts to end the lorry drivers' dispute. Some roadblocks were cleared in the north but new ones were erected in the south.

Force Ouvrière, one of the trade unions involved, threatened to step up its protest because of the government's refusal to abandon plans to introduce a new penalty system under which driving licences can be forfeited for motoring offences.

Mr Pierre Bérégovoy, the prime minister, held an emergency meeting of ministers in the morning to try to resolve the dispute. The government has already threatened to suspend lorry drivers' licences unless they abandon their protest. The transport ministry has been sending regional representatives to negotiate with the protesters.

Some truckers have already dispersed. By yesterday morning, roadblocks had been cleared from some sections of the motorways around Paris, Lille and other parts of northern France. A convoy of 200 Belgian lorries trapped near Lille was escorted to the border by riot police.

It was a different picture in the south where many roads remained blocked. In Toulouse, one band of lorry drivers started to dismantle their roadblock, only to be replaced by another group. Truckers also continued their strategy of sealing off individual targets such as petrol depots.

The dispute has led to shortages of food, fuel and medical supplies. This weekend the government is suspending the usual weekend restrictions on heavy goods vehicles in an attempt to speed up deliveries.

Taxi drivers in Lille reinforced the truckers' campaign by staging their own protest against the new system, driving through the city at snail's pace.

In London, Mr John MacGregor, the UK transport secretary, attacked the "enormous disruption both to business and to people's annual holidays". Belgium advised its citizens not to travel through in France.

Head-on collision, Page 7

A lorry driver manages to keep clean on the A1 near Paris

Mayhew says aim is self rule for Ulster

By Ralph Atkins

SIR Patrick Mayhew, the Northern Ireland secretary, has said he would like to devolve wide-ranging powers to a new Northern Ireland administration – "at least" to the same degree as the Stormont government that was suspended in 1972.

British government policy for the last two decades has been to help the society of Northern Ireland to develop and, "enable it once again to become self governing, to the extent at least that it was when Stormont had jurisdiction. That is our objective," Sir Patrick said in an interview with the Financial Times.

The government is committed to finding agreement with the main constitutional parties in Northern Ireland and the Republic of Ireland on new forms of governments for the province. But Sir Patrick's comments give the clearest insight yet into his own thinking since he took over the job three months ago.

They contrast with the support of some Unionists and Conservative MPs for an "integrationist" policy, in which Northern Ireland would by ruled much like other parts of the UK.

Unionist and nationalist politicians are due to begin talks on Monday with the Irish and UK governments on "strand two" of the nine-week-old inter-party talks process. This is the point at which the Irish government enters negotiations to talk about relations between north and south Ireland.

Before the imposition of "direct rule" of Northern Ireland from Westminster in the early 1970s, Stormont had responsibility for most policy areas, including, critically, internal security. Westminster retained control of national defence, foreign affairs, major taxation items, and customs and excise.

Sir Patrick has also indicated that he would not oppose a Bill of Rights for Northern Ireland – a proposal backed by all the main constitutional parties in the province during the talks process. There is, however, a dispute between Unionists and nationalists about what such a Bill of Rights might contain.

Sir Patrick said he opposed incorporating the European convention on human rights into English and Welsh law but added: "It doesn't flow from that that I would necessarily oppose a bill of rights for Northern Ireland."

Big man lets himself go, Page 6

Nike clothes may be run out of Games

By Peter Bruce in Madrid

NIKE, the US sports shoe and fashion giant, is facing a painful Olympics in Barcelona later this month after a ruling by Spain's highest court that it cannot advertise its clothes in Spain and that its sponsored athletes at the Games may not wear its racy logo.

Choosing their moment with deadly precision, two Catalonians have gone to the courts claiming that they have had the Nike name, and an emblem very similar to the US Nike company, registered in Spain since 1932.

The court bought their story. The two are said to be asking $30m (£15.7m) for "their" marque.

Nike was not available for comment late yesterday but its Spanish representatives have appealed against the ruling by the Constitutional Court (Barcelona branch) on June 30. Their problem is that the wheels of Spanish justice grind hideously slowly and the games are just three weeks away.

Expansion, the Spanish newspaper which unearthed the ruling, is this morning quoting local Nike (US) representatives as saying the damage to the company would be "irreversible and irreparable" if its athletes are not able to sport the company logo during the games.

While the ruling does not mean that Michael Jordan and Katrin Krabbe will have to compete without their shoes on, it could mean that TV closeups of their victorious heaving chests will be free of advertising.

It also means Nike would have to take down its hoardings in Barcelona and the rest of Spain.

Nike was planning to use the Games to help launch a multimillion dollar range of sports clothes in the autumn.

CHIEF PRICE CHANGES YESTERDAY

FRANKFURT (Dm)			
Rises			
AG Ind	715	+	14
Aachen & Mnch	900	+	12
Continental	267	+	9.5
Rhemelekt	1079	+	29
Falls			
Lahmeyer	705	–	10
Lufthansa	114.7	–	9.8
Paris (FFrs)			
Rises			
Bouygues	580	+	14
Cogifi	297.6	+	15.6
Imetal	335	+	12
SILIC	599	+	29
Falls			
Bancaire Cie	386	–	19
Gaumont	440	–	20
Tokyo (Yen)			
Rises			
Diamond Lease	1140	+	120
First Baking	530	+	50
Green Cross	1070	+	149
Ind Steam	314	+	34
Kyoei Tanker	368	+	35
Towa Meccs	283	+	31
New York closed.			
London (Pence)			
Rises			
Abbey National	284	+	8
Amber Day	46	+	6
BM	145	+	35
Barclays	339	+	11
Bimec Inds	38	+	$3\frac{1}{2}$
British-Borneo	144	+	13
BT (partly-paid)	$242\frac{1}{2}$	+	$8\frac{1}{2}$
Crest Nicholson	42	+	3
First Natl Fin	47	+	3
Fisons	219	+	6
Pearson	375	+	15
Sterling Inds	124	+	15
Tate & Lyle	362	+	8
Wellcome	877	+	21
Falls			
Aegis	73	–	5
Birkdale	46	–	6
Booth Inds	62	–	8
British Aerospace	243	–	7
British Dredging	80	–	38
British Land	186	–	10
Clinton Cards	88	–	9
Firth (GM)	$17\frac{1}{2}$	–	$5\frac{1}{2}$
Forte	184	–	10
Reed Executive	69	–	9

World Weather

UK Today: England and Wales will be mostly cloudy with rain or showers. Drier and clearer in the north later but becoming windy. Southern and central Scotland and N Ireland will also be cloudy with some rain.

		°C	°F																
				Cairo	S	31	88	Inverness	R	12	54	Milan	S	27	81	Salzburg	S	24	75
Ajaccio	S	23	73	Cape Town	S	22	72	Isle of Man	R	14	57	Montreal †	C	16	61	S'Francisco †	C	15	59
Algiers	S	27	81	Cardiff	C	16	61	Istanbul	S	23	73	Moscow	C	27	81	Seoul	R	21	70
Amsterdam	S	21	70	Chicago †	C	16	66	Jersey	F	17	63	Munich	F	25	77	Singapore	F	29	84
Athens	F	25	77	Cologne	C	23	73	Johannesburg	S	14	57	Nairobi	F	23	73	Stockholm	F	17	63
Bahrain	S	33	91	Copenhagen	S	21	70	Las Palmas	F	24	75	Naples	F	25	77	Strasbourg	F	23	73
Barcelona	S	23	73	Corfu	F	23	73	Leeds	R	12	54	Nassau		–	–	Sydney	S	21	70
Beijing	S	32	90	Dallas †	F	26	79	Lisbon	S	24	75	Newcastle	R	12	54	Tangier	S	28	82
Belfast	R	15	59	Dublin	R	18	64	Locarno	S	25	77	New Delhi	S	33	91	Tel Aviv	S	27	81
Belgrade	F	28	82	Dubrovnik		–	–	London	R	17	63	New York †	S	19	66	Tenerife	F	23	73
Berlin	F	23	73	Edinburgh	S	13	55	Los Angeles †	F	17	63	Nice	S	24	75	Tokyo	S	26	79
Biarritz	S	22	72	Faro	S	27	81	Luxembourg	F	22	72	Nicosia	S	28	82	Toronto †	C	15	59
Birmingham	R	14	57	Florence	S	27	81	Madeira	F	22	72	Oporto	F	20	68	Tunis	F	28	82
Blackpool	R	13	55	Frankfurt	F	26	79	Madrid	S	30	86	Oslo	F	18	64	Valencia	S	28	82
Bombay	F	31	88	Geneva	S	24	75	Majorca	S	26	79	Paris	F	25	77	Vancouver †	F	15	59
Bordeaux	F	26	79	Gibraltar	S	23	73	Malaga	S	28	82	Perth	C	15	59	Venice	S	27	81
Boulogne	F	19	66	Glasgow	R	12	54	Malta	S	23	73	Prague	F	26	79	Vienna	S	26	79
Bristol	R	16	61	Guernsey	R	15	59	Manchester	R	14	57	Reykjavik	F	11	52	Warsaw	F	24	75
Brussels	F	21	70	Helsinki	R	13	55	Melbourne	S	16	61	Rhodes	S	28	82	Washington †	C	21	70
Budapest	F	28	82	Hong Kong		–	–	Mexico City		–	–	Rio de Janeiro		–	–	Wellington	S	14	57
Buenos Aires		–	–	Innsbruck	F	24	75	Miami †	S	27	81	Rome	F	24	75	Zurich	F	24	75

Temperatures at midday yesterday † Noon GMT temperatures C – Cloudy Dr – Drizzle F – Fair Fg – Fog H – Hail R – Rain S – Sunny Sl – Sleet Sn – Snow T – Thunder

THE LEX COLUMN

Whistling for a cut

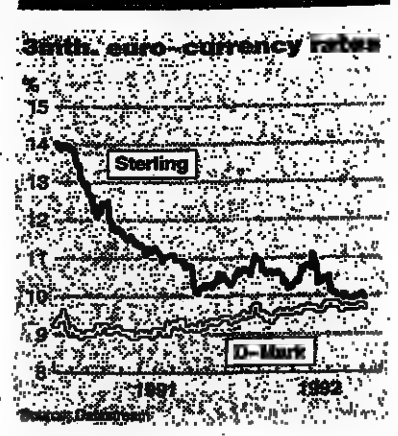
Having misread the Bank of England's money market signals ahead of the May base rate cut, the City is naturally anxious to avoid the same mistake again. But that may have led it into reading too much into yesterday's money market intervention. The Bank simply does not have the leeway to follow the rate-cutting example established by the US Federal Reserve on Thursday, desirable as that would be in the encircling economic gloom.

Sterling is at its lower limit against the Portuguese escudo and less than a pfennig above its theoretical narrow band floor in the ERM. A large part of its weakness yesterday reflected worries about a possible devaluation of the Italian lira rather than expectations of lower UK interest rates. But the currency is now at a level where the government cannot afford to take many risks without undermining the credibility of its narrow band promise, and thus possibly also its large funding programme in the gilts market.

A quarter point base rate cut with which the markets were flirting yesterday would leave UK rates level-pegging with those of Germany. There never was much ground for assuming the UK could undercut German rates. There is even less since the Danish referendum called the Maastricht Treaty into question. That uncertainty will continue at least until the French vote this autumn.

A small UK rate cut might allow a much-needed widening in bank and building society loan margins, but it would do little for the broader economy. The timing would be particularly hazardous as the Bundesbank's mid-year monetary target review looms in two weeks time. With German money supply growth 3.5 points above the top of its target range, the Bundesbank is fretting about its own credibility. The chances are its council will be more inclined to tighten further than to relax. Europe has little to offer in the way of interest rate cuts at next week's G7 summit.

FT-SE Index: 2497.1 (+21.0)



EFA

Throughout the spring, investors in British Aerospace seemed prepared to look beyond the company's immediate problems towards the faint but emerging glimmer of a profitable medium-term future. Over the last few weeks, though, short-term anxieties have again been piling up. BAe shares have lost nearly 35 per cent of their value since mid-May as worries about prospects for the regional aircraft market have been compounded by growing doubts over the future of the European fighter aircraft (EFA).

The next move in the shares depends on the fate of the £20bn project following Germany's refusal to give the go-ahead to the project. Reports that the UK cabinet is divided should hardly come as a surprise, given the icon-smashing opportunity for Eurosceptics and the approach of a very tough UK public spending round. The dilemma, however, is real. The option of a significantly scaled down version of the fighter – notwithstanding the scope for a few modifications – looks implausible given progress so far. Complete abandonment is not politically appealing for the Italians and Spanish either. Investors can only hope that governments swallow the manufacturers' argument that they can keep inside the original budget even with a three-nation programme.

Ironically, the unresolved regional jet issue is probably more important for BAe's long-term health. And shares in GEC and Rolls-Royce have responded more calmly to this week's EFA worries.

Forte/Compass

The breakdown of talks over the sale of Forte's Gardner Merchant catering business to Compass is plainly an embarrassment to both parties. In particular, the £530m on the table would have done much to soothe Forte's nervous shareholders, who have seen their investment underperform the market by some 20 per cent in the last two months.

Whether Forte's shares deserve to fall further on Monday is open to question. Much of the recent weakness has been in line with the sector, as the market has come to realise that an upturn in the UK hotel industry is still some way off. While the cash would have been very handy in securing a dividend which looks like being uncovered by earnings, the fact that Forte could walk away suggests it was not quite essential. The much-publicised plan to expand in Europe is not yet concrete enough to require large-scale funding. Nor is it impossible that the other buyers supposedly in the wings will come up with the goods.

But the failure of the deal may say something about the market for equity funding. It appears that Compass would have had to rely on a rights issue for at least a third of the money. In a week marked by difficult issues from MFI and The Telegraph, this must have been thought-provoking, especially for a company whose shares have been suspended for the past month while the deal was thrashed out. And while Forte explicitly rules out a rights issue now the deal has fallen through, it is bound to reflect that it may have little choice in the matter.

FNFC

It is difficult to evaluate First National Finance Corporation's assertion that default rates on its consumer loan book are improving when this side of the business required a further £36m provision in the first half. The company told a similar story when it announced its full year results in January. Now it says the latest provision, which admittedly is below that in the second half of 1990-91, was necessary because of the lag before lower default rates work through.

One has to hope that the impact will be felt soon. Next spring, FNFC faces debt maturities of some £250m. Its bankers will surely look askance if there is not some more tangible sign of improvement. The chances are that the company will be thrown back on further securitisation of its loan portfolio. Whether it will then be able to retain the bulk of its customary 10 per cent margin is another matter. It cannot look forward to much extra volume in consumer lending, while losses on commercial lending look set to continue. If past recessions are anything to go by, small business borrowers will remain under strain even after the upturn begins. Recovery looks as remote as ever, and for FNFC the delay is becoming uncomfortable.

Registered at the post office. Printed by St. Clements Press for and published by The Financial Times Ltd., Number One Southwark Bridge, London SE1 9HL.

Weekend FT

SECTION II

Weekend July 4 / July 5 1992

The superbug destroying our defences

New and virulent strains of TB are posing a worldwide health threat. ***Susan Davies*** *and* ***Jamie Davies*** *report*

"I kept imagining all the things that were going on physiologically: the lungs aren't getting enough air into the blood, which makes the brain fogged out and the heart weaker, which makes the breathing more difficult. I kept expecting some sort of an avalanching effect, with everything caving in altogether in a dramatic collapse. But it didn't appear that way at all: she just slowly got more foggy, and her breathing gradually became less and less, until there was no more breath . . .".

THUS Richard Feynman, Nobel Prize-winning atomic physicist, describing the death of his wife, Arlene, from tuberculosis in 1946. Such scenes are enacted to this day, even in the most advanced western hospitals. There are at least four doctors dying of TB in New York, and the incidence of the disease is rising alarmingly. Tuberculosis is back – with a vengeance.

This lingering and fatal disease has been endemic for thousands of years. Skeletons from a Neolithic site near Heidelberg in Germany bear its scars; it has been identified in Egyptian mummies, and it was described by Hippocrates and Galen (the Greeks referred to it as *phthisis*).

Shrouded for centuries in myth and superstition, the cause of TB was first identified in 1882 by the German pathologist Robert Koch, who isolated a previously unknown species of bacterium, *mycobacterium tuberculosis*. During the slow, inexorable course of the disease, these bacteria evade their host's defences and gradually eat away at tissues – hence the popular name, consumption – producing increasingly severe bouts of fever and weakness.

The impact of any disease on a population is governed by two main factors: the efficiency of its spread to uninfected individuals, and the resistance of those individuals to attack. For TB, the most important route of infection is through the air, when infectious droplets are coughed up by sufferers and inhaled by other people.

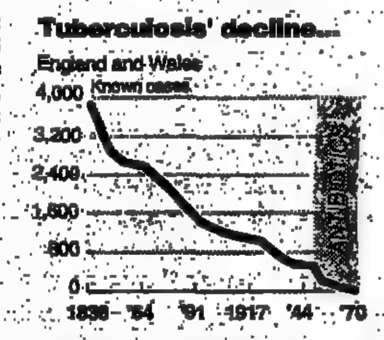
Minor routes include contaminated food, especially milk from tuberculous-infected cattle. Contagion is encouraged by crowding and mobility. Resistance to infection is governed by individuals' general health, specifically nutrition and freedom from other sickness.

In Britain's agrarian economy of the Middle Ages, consumption was a familiar but relatively unimportant disease. Although the population was often undernourished, it was fairly small, scattered and immobile. Only during the stressed conditions of the Civil War in the 17th century, which brought crowding, mobility and poor nutrition, did the incidence of tuberculosis increase dramatically.

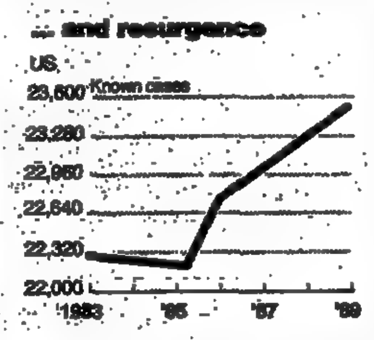
As trade and commerce developed throughout Europe, towns began to grow rapidly, and people started to live in cramped conditions. By 1750 the incidence was rising again, and in Naples in 1783 consumptive patients had to be reported to the authorities. Their belongings were cleaned or destroyed and their houses replastered – all at public expense. There were heavy fines for non-compliance.

In England, the labouring poor were forced into mill towns and swelling cities. In Victorian times, TB was responsible for a fifth of deaths in English industrial towns. The US was similarly affected: between 1829-1845, eastern seaboard cities had an average annual TB mortality of around 400 per 100,000.

Tuberculosis' decline...



... and resurgence



Unlike the other great killers of the 18th and 19th centuries, such as typhoid, cholera and diphtheria, TB is a slow, wasting disease which sends its victims to their deaths only gradually. To the Victorians, with their almost obsessional interest in death, a consumptive's unhurried decline had an air of heroic, macabre romance, and the disease developed a cult following.

By 1834, Alexander Dumas could record: "It was all the fashion to suffer from a chest complaint; everybody was consumptive, poets especially; it was good form to spit blood after each emotion that was at all inclined to be sensational, and to die before reaching the age of 30."

What helped create this popularity was the perceived increase in vitality of sufferers when in a feverish state. The "romantic" artists and poets were impressed by the similarity of the flushed face and delicate disposition of a consumptive to those of a passionate lover. English literature owes a considerable debt to TB.

At the height of this misguided romanticism, Lord Byron said he hoped he might die of consumption "because all the ladies would say: 'Look at that poor Byron, how interesting he looks in dying'." John Keats, ironically a licensed apothecary and general practitioner of medicine, died of TB thought to have been contracted while nursing his consumptive brother.

Robert Koch's discovery of the biological basis of TB brought an end to this romanticism, and heralded the beginning of a medical counter-attack. Once contagion was understood, action could be taken to reduce it as much as possible. Alleviation of poverty was an early and important step, increasing resistance and reducing crowding. Campaigns of information about the disease, often funded by private unions and societies, helped educate the public; the newly-invented process of pasteurisation prevented infection from cow's milk, and the introduction of sanataria in the latter part of the last century isolated severely contagious patients.

In 1912, TB was made a notifiable disease in England and Wales, providing a means of state-organised control. Careful hygiene proved enormously effective, even in the absence of more advanced medical techniques.

The first truly medical, rather than sociological, weapon to be developed against TB was the BCG vaccination. In 1906, the bacteriologist Calmette isolated a culture of bovine TB bacteria, which he and Guarin mutated and bred in the laboratory until they had a non-virulent strain. The first successful trials of BCG took place in 1921; by 1954 more than 60m people had been vaccinated worldwide.

The second medical defence, and the first to be of great use to patients already suffering from the disease, was the arrival of antibiotic chemotherapy in the years following the Second World War. The combined strategies of improved hygiene, elimination of bovine TB from milk herds, vaccination and antibiotic therapy effectively ended TB's reign: in the early 1900s, 0.16 per cent of the British population died of consumption each year; by 1961 this had dropped to 0.0074 per cent.

However, while the West has enjoyed the results of its battle against the disease, there remains an immense reservoir of TB in the rest of the world. Individual travellers and migrating populations provide a continuous source of virulent bacteria to challenge healthy developed countries. The challenge used to be resisted, but in recent years tuberculosis has managed to gain a new and lethal hold, and is becoming a crisis in "advanced" First World cities such as New York, which has more than 25,000 TB sufferers. Again, critical factors of spread and susceptibility provide a means of understanding the threat.

A partial explanation of the rise of infection lies in the socio-economic conditions prevalent in large cities, which are once again a focus of endemic poverty, homelessness and over-crowding. Areas of New York, Los Angeles and perhaps even London have degenerated into the very squalor whose abolition was so important in the battle against disease last century.

The rest of the explanation arises from people's resistance to infection, which is decreasing for several reasons. The first – general ill-health – is inseparable from poverty. The second is the appearance of individuals with significantly defective immune systems, either because they are under immunosuppression to prevent transplant rejection, or more commonly because they suffer from leukaemia or Aids. The third reason is the decreasing ability of antibiotic chemotherapy to protect those infected by TB bacteria.

In New York, almost half the TB samples taken from new patients are resistant to one antibiotic, and one strain is resistant to 11. Our capacity for chemotherapeutic treatment of the disease is being eroded quickly. Clearly, action needs to be taken.

Global eradication of the disease is not feasible (only smallpox has been eradicated so far). Practical strategies mostly echo those of the past. The problem of urban poverty and homelessness has proved disappointingly intractable. It is estimated that New York alone has 90,000 homeless, a third of whom are infected with HIV or have Aids.

Education has been of great service in the past, but its present lack of success in controlling drug abuse is worrying. A programme of vaccination offers great hope of increasing the resistance of uninfected individuals, and New York's governor, Mario Cuomo, has proposed that state funds be used to purchase vaccine for the city's poor.

Faced with the threat of epidemic, basic science has taken arms once again against TB. After the initial success of chemotherapeutic approaches in the 1950s, little further work was done and much remains to be learned about the basic biology of mycobacterium tuberculosis. Even the composition of its unusual outer coat, the part of the bacterium detected by the immune system, is not understood in any detail.

Increased knowledge of this parasite's biochemical composition is deemed so important that the Human Genome Project – the immense international collaboration aiming to read the entire genetic code of human beings – is being extended to include reading the (much smaller) genetic code of the TB bacterium. With luck, the work will result in new "designer drugs" aimed at specific weaknesses. However, these will need to be used with caution, lest further resistant strains are generated.

More immediately, science is coming to the aid of busy clinicians through the development of tests for the presence of TB which take hours rather than weeks, and a rapid means of testing for antibiotic resistance.

The re-conquering of tuberculosis is likely to be slow, difficult and expensive. TB's reappearance should remind us that our accustomed freedom from infectious disease was not easily gained, and requires vigilance and care.

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The Long View/**Barry Riley**

Garbage in, garbage out

THESE ARE hard times for forecasters. Having got their 1991 economic predictions wrong by often 3 percentage points of national income – an enormous margin – it is beginning to look as though the same number-crunching disaster may be happening again in 1992.

Take the Treasury, which is not actually the worst offender, in spite of all the political pressures on it last year to be starry-eyed. Last November its computer served up a forecast of 2¼ per cent economic growth in calendar 1992. By the time of the March Budget this had been revised down to 1 per cent. The Treasury has no reason to publish another official forecast until November, but the average growth in independent forecasts appears to have come down to under ½ per cent and this week the Treasury was warned by manufacturers that output, far from beginning to recover, is turning weak again.

Elaborate computer models disguise the fact, but economic forecasts actually look backwards rather than forwards. This is because the model is designed to emulate past situations which appear to parallel those of the present, and it is then assumed that economic events will unfold in more or less the same way. The trouble comes when some crucial factor is different. There has been no recession like the present one since the 1930s, long before forecasting became popular. The memory chips have no relevant entries. This is why the uncomprehending electronic boxes have been cranking out empty promises of growth while the economy is locked into a declining trend.

In the stock market, too, optimism is a hard habit to break. I remember being struck by the extraordinarily upbeat attitudes of stockbrokers at their seminars towards the end of last year. Brokers are *always* bullish, of course: no surprises there. But they normally predict a rise in share prices of 10 to 15 per cent over the ensuing year. Yet firms such as James Capel, Kleinwort Benson and Goldman Sachs were predicting gains of 25 to 30 per cent in 1992. On the back of a strong economic recovery, company profits were going to jump by up to 25 per cent. In fact the first half of the year has produced an advance of just 2 per cent in the All-Share Index, even including the boost from the Tory election victory.

I never believed the economic recovery story, and last December I suggested that any profits upturn would be a story for 1993 rather than this year. But I thought that a fall in interest rates would encourage some modest share price gains. It turns out, however, that I was too optimistic in hoping that German interest rates would start coming down by the middle of the year. We will now be lucky to see any falls before 1993. Borrowers will remain badly exposed.

Regular readers of this column will know that I have been appalled at the relentless build up of debt. Personal debt, for example, doubled between 1980 and 1990 as a percentage of disposable income: the ratio has stopped growing but it is not falling.

To begin with the Treasury regarded such borrowing as unimportant, merely marking a "portfolio shift" of assets and liabilities following financial market deregulation. By last year it realised it might be wrong, but politically could not afford to draw the logical conclusion that this debt mountain might prevent economic recovery. If house prices and national income continue to slide during the second half of the year the computer model will, however, surely *have to be reprogrammed. But no seri*ous policy changes are possible while the UK stays within the European exchange rate mechanism; and the ERM is surely sacrosanct during the UK's six-month presidency of the European Community.

Government ministers are notoriously fond of saying that the economy is just about to pick up. Like the desperate company chairman who writes in his annual report that "your company is extremely well-placed to benefit from any recovery in demand" Norman Lamont, chancellor of the exchequer, is fond of saying that "all the classic elements of recovery are in place". Unfortunately *they are not*. The money supply is scarcely growing. Mortgage demand is weak. House prices are heading south. Without buoyancy here a sustained recovery will not happen.

Tim Congdon of Lombard Street Research has supplied me with some interesting figures on housing debt. Mortgage indebtedness as a percentage of housing equity has now reached an all-time peak of 43 per cent. If house prices were to fall by 6 per cent over the next year (as they have over the last 12 months) this ratio could climb to nearly 50 per cent. At the bottom of the last recession, the ratio was not much more than 20 per cent; this time around there will be no debt-financed recovery.

How can we get out of this mess? For the time being we will not follow the Americans, who this week slashed short-term interest rates to 3 per cent to stimulate the economy regardless of what happens to the dollar – now heading towards two to the pound. We could save our way out, and indeed this week's first quarter personal sector figures showed a saving ratio of 11.5 per cent, more than doubled in three years. Even so it would require many years of economic stagnation to pay down a substantial part of the debt burden like this.

Perhaps the intolerable will lead to the unthinkable. A less serious debt hillock in the 1970s was levelled through inflation. *In 1975 inflation was 25 per cent but the* net interest rate on debt was only 7 per cent. That neatly chopped 18 per cent off real indebtedness in a year. But the debt is much bigger now, and we would need three years like that to halve it.

It probably will not happen like that. But if you are an economic forecaster you might do well to give your computer some practice on data from the 1970s as well as the 1930s – if, of course, you still have a job.

London Markets

Grunts don't just afflict Wimbledon

By Peter Martin, Financial Editor

WEEPING skies and a regular low moan, traditional features of Wimbledon when Monica Seles is playing, have been equally appropriate in London EC1 this week. The precipitation has been as much economic as celestial; the moaning has come from investors watching the FT-SE index slide to pre-election levels.

Big-business economists have told the Treasury that the pickup in manufacturing output seen in the first quarter has halted. House sales have faltered in the last six weeks, after showing signs of recovery in the spring. Consumers are spending less of their income than at any time in nearly a decade. Companies are head-hunting 12 per cent fewer executives than a year ago. And Conservative MPs are starting to shift nervously on their green leather benches, mumbling that it is time for the government to do *something* to get the economy moving again.

All that leads to two questions: is Britain trapped in a seemingly endless recession? And if it is, will the government make a big change in policy to escape from it? City economists mostly answer "no" to the first question, though they do not necessarily expect the upturn to amount to much when it comes. UBS Phillips & Drew, for example, one of the first forecasting teams to predict zero growth for 1992, expects 1993 to bring a 1½ per cent rise in GDP – not much of a recovery, but not a continued recession.

Economists, who do their calculations on the basis of unchanged government policies, are not the best people to ask for an answer to the second question. Political journalists, who spend their time sniffing the wind for the scent of a U-turn, are probably a better guide. So here is what the *FT* political team thinks:

■ At the moment, Tory MPs are looking for signs of action, rather than a real change of course. Pressure could mount by the autumn, though, especially if the party conference looks like proving difficult as anti-EC sentiment among some constituency associations spills over into the debate about the impact of the ERM on the UK.

■ Still, John Major will not shift. He and his team don't think a small devaluation would do any good, since the loss of credibility it would involve would push interest rates up rather than down. A big devaluation is out of the question – not least because the ERM, in the prime minister's view, provides the essential framework for anti-inflationary policy which was missing in the 1980s.

■ That leaves one other possible escape route: a big shift in thinking among other EC governments, especially France. So far, only Labour is pushing that idea: John Smith raised the possibility of a concerted EC growth strategy involving lower interest rates and an ERM realignment in the Commons on Thursday night. If pressures continue to grow in France and elsewhere, that may become a talking point among Conservatives, too, by the autumn.

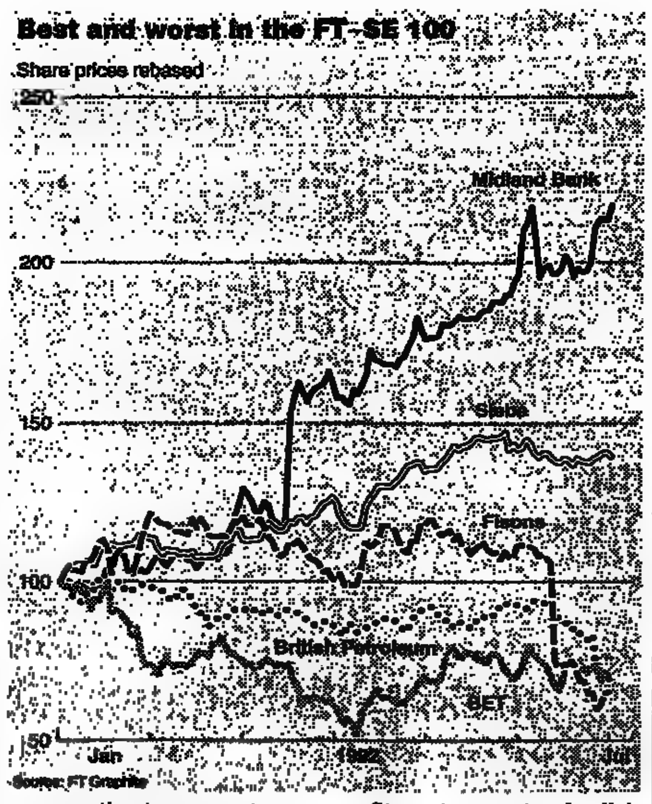
In the meantime, the markets are clutching at straws. On Friday, after US interest rates dropped to levels not seen since the Beach Boys were thin, the stock market jumped to the conclusion that a cut in UK interest rates was also on the way. Traders were over-reacting to some not-very-exciting moves by the Bank of England in the money market; but the hope of lower rates was enough to take the FT-SE index back up again towards the 2,500 mark. The FT-SE closed on Friday at 2,497.1, up 21 points on the day but down 37 points on the week.

The economy was not the only cause of that decline, however. Just as important, in institutional investors' minds, was the flow of bad news about share issues. After the GPA float was pulled last month, almost nothing has gone right. The *Daily Telegraph* issue met with a resounding lack of enthusiasm among private investors. MFI, the furniture business, and Anglian Group, the double-glazing supplier, both found underwriters, but at prices much lower than had been hoped for. Del Monte Foods International followed 3i in postponing its planned float until times were better. Although the sale of Wellcome shares shows every sign of going ahead, there are plenty of white knuckles visible.

Two results this week provided contrasting pictures of how to deal with recession. British Steel announced a £55m pre-tax loss for the year, and cut its dividend by three quarters. The share price dropped to half its privatisation level. GEC, by contrast, announced profits up 1 per cent and a dividend up 5 per cent. Cash reserves rose from £528m to £876m, and the company's net cash (including that held by its joint-venture subsidiaries) is £1.46bn. British Steel shares ended the week at 64p, down 6p; GEC closed at 237p, up 9p.

The first half of the year, which ended on Monday, saw a 2 per cent rise in the FT-Actuaries All-Share index. Among big companies the best performer was Midland Bank, up 113 per cent thanks to the successful takeover bid by Hongkong & Shanghai Banking Corporation. Other rises were less remarkable, but three big companies managed to increase in value by a third or more: Siebe, Thames Water and Guardian Royal Exchange.

At the bottom end of the scale, British Petroleum was down by just over 30 per cent, hit by concerns about the dividend and British Aerospace dropped 23 per cent. Given the outlook for oil companies and defence contractors, those figures were perhaps not surprising. But the drop in the shares of Glaxo and Wellcome, both down by 20 per cent, reflected the fading glamour of the big drugs stocks. SmithKline Beecham, which did not benefit quite so much from last year's over-enthusiasm, did much better: it ended the half year down less than one per cent.



HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1992 High	1992 Low	
FT-SE 100 Index	2497.1	-37.0	2737.8	2382.7	Economic/new issue concerns
AMEC	120	-18	182	120	BZW downgrade
Airtours	224xd	-31½	337	203¼	Holiday price war concerns
BM Group	145	-86	417	81	Downgradings & financial worries
Bass	542½	-53	655	491	Holiday Inn worries
British Aerospace	243	-19	379	242	Provision worries
Farnell Elects.	277½	-50½	335	227	Finance Director resigns
Forte	184	-22	262	184	Weak hotels/rights issue fears
Heywood Williams	269	-80	386	267	Profits warning
ICI	1174	-48	1410	1115	Broker downgrade
Ladbroke	202	-14	267	200	BZW downgrade
Royal Insurance	214	-24	273	169	Dividend cut fears
TSB	140	+9	153½	115	Vague bid rumours
Tarmac	98	-8	161	94	No signs of building recovery
Trafalgar House	87	-7	165	78	Dividend worries

Serious Money

The new age of uncertainty

By Scheherazade Daneshkhu

WE are living in uncertain times in which the expected does not happen and the unexpected does. The recovery, which everyone hopes to meet around the next corner, remains as elusive as ever. The stock market, even putting fears of a Labour government behind it, dropped to almost its pre-election level this week.

Investors who thought they would be spoiled for choice, because of the number of new issues coming to the market, are finding their indecision being taken care of for them.

First, GPA, an aircraft leasing company, cancelled its £3.5bn flotation just days before it was to go on to the market. Then, the share issue by the *Daily Telegraph* ended in ignominy when only 3m of the 13m shares available to the public was taken up. 3i and Del Monte have postponed their flotations.

The bitter vagaries of the stock market are illustrated only too well this week in our own stock market round-up of leaders and laggards.

Ailing Midland bank has become the market leader, while Wellcome, the successful drugs company and leader one year ago, is now a laggard.

"We go into work every day, wondering where the next shock will be coming from," confided one fund manager this week.

With the experts worried, it is hardly surprising that consumers are keeping their heads down.

A report this week from Mintel, the market research organisation, examined whether consumer confidence, supposed to rise in the wake of the general election, has returned. It found that although people are optimistic about the long term, they are uncertain and cautious for the present.

After the spending spree of the 1980s, the level of indebtedness has risen; with real interest rates still high, people have learnt the lessons of easy borrowing the hard way.

The survey found that just under 60 per cent felt that borrowing for anything other than a house should be avoided and almost two-thirds said they would not use a credit card to buy goods. Surprisingly, more than half the 15-to-19-year-olds, whom one would have expected to be carefree, also concurred.

The reluctance to borrow shows that a consumer-led recovery is a long way off, said the report. This conclusion was further strengthened with the release of figures from the Central Statistical Office showing that savings by consumers are at a 10-year high. Real personal disposable income is up but people are choosing to save the increment rather than spend it.

Of course, if you have enough money to spend and save, it is a good time to do both. Inflation at around 4 per cent is low while interest rates at 10 per cent are high. For the same reasons, it is a bad time for borrowers.

Those who are in debt, although under less pressure than a few years ago, when interest rates were 15 per cent, will be better off spending their money on reducing their level of indebtedness and the amount of interest they have to pay.

Where should investors be keeping their money? The big debate is between equities as a long-term investment, and money on deposit or fixed rate instruments such as gilts, which are offering attractive yields.

There are two points to consider in any investment – the level of return and the security of capital. The volatility of the stock market in an uncertain economic climate is not good for frayed nerves and private investors appear to be turning more in favour of security than dreams of capital gain.

The Mintel survey found that more than two-thirds of respondents wanted to put money into a "rainy day" savings account.

Safe products, such as Tax Exempt Special Savings Accounts and National Savings, have reported a buoyant inflow of funds.

Some £10bn has been put into Tessas since their introduction last year, with £3bn of this deposited in the first three months of the year.

National Savings contributed £552m to the Exchequer during May, the fourth best month on record, increasing the total to £40.8bn. The launch of a new fixed rate product later this month will increase this intake still further.

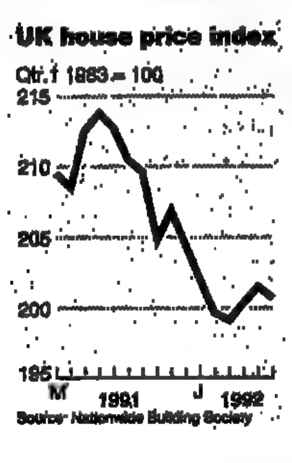
But it would be a mistake to eschew equities altogether. The argument that equities will not outperform as they did in the 1980s, because Exchange Rate Mechanism discipline means we are entering a low inflation era, is sound enough. But the rejection of the Maastricht treaty by the Danes last month was an another surprise that served to increase uncertainties about the fate of the ERM.

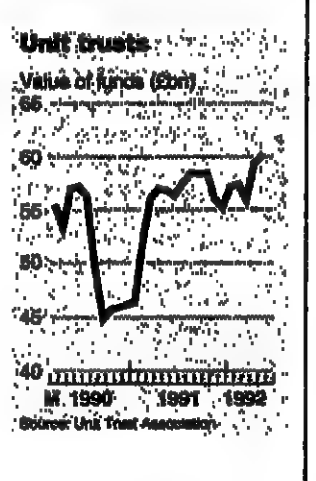
There is still investor interest in collective funds, such as unit and investment trusts, which lessen the risk of equity investment by diversifying into numerous holdings. More than half the people surveyed by Mintel said they would consider this sort of long-term investment, while the Unit Trust Association reported an all-time high of £60bn in funds under management last month.

Although the crystal ball is looking very cloudy at the moment, the basic rules of investment hold good now as much as ever before.

Hold on to safe products such as Tessas and National Savings by all means; but, since the unexpected can happen, it is as well to spread some investment into equities in case the stock market does take off later in the decade.

AT A GLANCE





House prices fall 0.5 per cent

House prices fell 0.5 per cent last month after rising in April and May, according to Nationwide building society. An average house cost £55,671 in June, down £253 from the previous month, according to the Nationwide house price index. The society said many people were still delaying moves because of fears over job prospects and financial security.

Unit trusts breach £60bn barrier

Funds under management in unit trusts reached an all-time high in May, breaching the £60bn barrier for the first time. Net sales, at £235m, were the highest in May since 1987. The Unit Trust Association attributed this to increased confidence in stock markets, while new regulations on unit trust personal equity plans have also helped. Net inflow was greater than the £179m recorded for building societies during the month.

New fixed rate mortgages

Two new fixed rate mortgages came on the market this week. Nationwide Building Society is charging interest at 8.95 per cent the first year and 9.95 per cent for the following two years. Customers must pay a non-refundable reservation fee of £250 and take out Nationwide buildings and contents insurance, but they will be given one year's free mortgage payment insurance cover against accident or unemployment.

Chelthenham & Gloucester Building Society has launched a mortgage fixed at 9.6 per cent (11.2 per cent APR) for two years. The mortgage is available on interest-only, repayment and remortages for up to 90 per cent of value. There is an application fee of £150.

Two sides of the BES

The Business Expansion Scheme has spawned two new companies. HarleyScreen, sponsored by Matrix Securities, is looking for money to back its work developing and expanding an HIV and AIDS testing service.It raised £151,750 during the last tax year, and has raised £297,000 in total from subscriptions. Providing it raises a further £53,000 via BES investors, it will receive a further £250,000 from venture capital organisations.

Keele Cash, sponsored by Capital Ventures, is less speculative. Money from the scheme will be used to buy accommodation for Keele University. Keele has promised that in five years it will buy back the accommodation, paying £1.25 for every £1 spent now.

Jargon-free tax guide

The Lloyds Bank Tax Guide for 1992/93 is now available. It offers "jargon-free" information about tax, including 50 ways to save tax and a quick guide to checking your PAYE code and tax bill. The authors are Sara Williams, and John Willman, public policy editor of the *Financial Times*. Price £7.99.

More smaller companies gloom

Smaller companies endured another bad week. The Hoare Govett Smaller Companies Index (capital gains version) fell 2.77 per cent to 1178.72 over the week to Thursday, while the County NatWest index fell 1.97 per cent to 946.18 over the same period.

Wall Street

Lower interest rates and lower expectations

THE headline on the front page of the *New York Post*, as it often does, said it all. Next to a big picture of President Bush were the words: "10 million Americans out of work. George may be next."

The headline helps explain why the Dow Jones industrial average fell more than 20 points on the day the Federal Reserve instigated an interest rate cut that the market had been crying out for for the past two weeks.

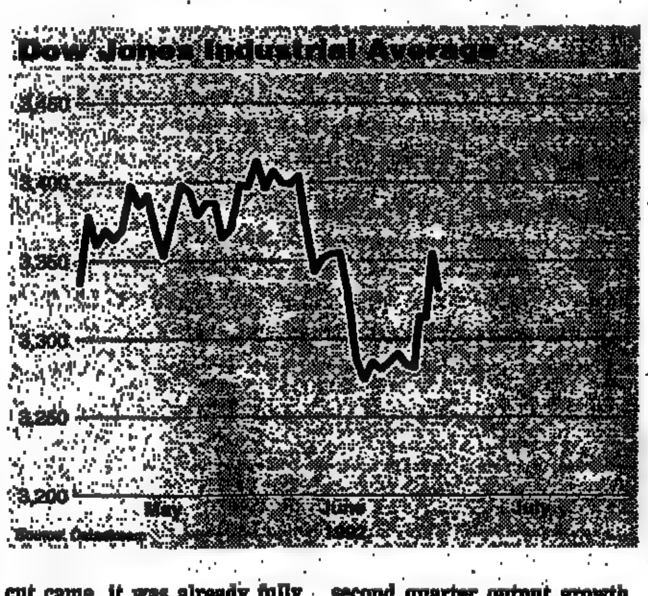
Question: If the market has been desperate for a rate cut, why didn't it welcome the Fed's move on Thursday? Answer: The Fed only cut interest rates after a dreadful set of June employment figures, and investors were more pessimistic about what the highest unemployment rate for eight years might do to President Bush's chances of re-election than they were optimistic about what lower credit costs might do to aid the economy.

Recent reports have said that the White House is divided over what line to take on the economy – should it be guardedly optimistic or should it try to keep a lid on expectations? – but recently, it is clear, the President has favoured the former. Only earlier this week he complained vigorously that the media was distorting the true economic picture so much that people were unaware of the good news about the recovery.

Bush's optimism looks dangerously foolish in the light of the June jobs data, and both political and economic pundits were quick to say afterwards that in the modern era no sitting President has won re-election with the economy in such a poor state.

In spite of Bush's obvious failings, the investing community appears to favour him over either Bill Clinton or Ross Perot, so it was no surprise that the market greeted Thursday's damaging employment news so gloomily.

The stock market was not just thinking about politics on Thursday, however. There was a good technical reason for the fall in stocks. The Dow had risen more than 70 points in the first three days of the week in anticipation/hope of a policy ease, so when the rate cut came, it was already fully priced into the market.



There was also a fundamental factor at work. If the economy is as weak as the employment data suggests, then expectations about corporate earnings may have to be quickly revised downwards.

Economists have already had to lower their forecasts for second quarter output growth in the light of recent poor economic statistics. Gross domestic product grew a modest 2.7 per cent in the first quarter of the year, and having originally expected second quarter GDP growth to exceed that, economists are now talking about second and third quarter GDP growth of between 1.5 per cent and 2.5 per cent.

It is now quite possible that for all of 1992 GDP will grow at an annual rate of no more than 2 per cent, which would make it the slowest post-recession recovery since the Second World War.

Wall Street analysts will have to do some similar trimming to their corporate earnings estimates. With the labour market in such a poor state – the June employment report showed payrolls falling, the jobless rate rising, working hours declining and average earnings flat – consumer demand is likely to be weaker than expected.

If consumers are not spending much, and equally worrying, not saving much either (the consumer savings rate is about 5 per cent, well below the rate normally required for a robust recovery), Corporate America is not going to enjoy the profits growth everyone had anticipated.

US companies cannot even look abroad for help. Export sales are poor, even with a weak dollar, because foreign demand for US goods is being suppressed by the wobbly global economy.

So where does the market go from here?. The last time the Fed slashed interest rates (in late December), stock prices took off in an orgy of buying as investors rushed out of lower-yielding assets and into equities in the expectation that capital growth would be strong on the back of rapidly improving corporate earnings.

Do not expect a similar reaction this time. Since the robust economic and earnings recovery anticipated by those who bought stocks after the December rate cut never materialised, investors will be reluctant to make the same mistake twice. This time, they will probably wait for hard proof of better corporate profits before committing more funds to equities, which means the market could be in for a long, dull summer.

Patrick Harverson

Monday	3319.86	+ 37.45
Tuesday	3318.52	– 1.34
Wednesday	3354.1	+ 35.58
Thursday	3330.29	– 23.81
Friday	Market closed	

The Bottom Line

An exclusive club that no-one wants to join

INVESTORS in British Steel have had to endure some heavy blows over the past year, and none could have been remotely surprised this week to have found themselves joining an exclusive, but unenviable, club.

As workers at the Ravenscraig steel works in Scotland contemplate redundancy, British Steel's 307,000 shareholders – including 300,000 individuals – have joined the handful of privatisation investors to suffer a dividend cut. On Monday, the steelmaker reduced its final pay-out from 5.75p a share to 1.5p, and announced a £55m pre-tax loss.

It is all so different from 1989, when booming market conditions – and profits – lifted the shares from the 1988 flotation price of 125p to a peak of 159p. Last night, the shares closed at 64p, having touched a post-privatisation low of 52p earlier in the week.

Investors do not need reminding that British Steel is caught in one of the deepest recession experienced by the industry worldwide. The reasons are well-known – severe downward pressure on prices caused by falling demand and overcapacity, growing pressure on EC markets caused by imports from eastern Europe, increasing foreign competition.

In the second half of last year, the share price took all this on board with a vengeance – plunging by nearly 20 per cent on November 11 when the company warned about the level of its final dividend and looked ahead gloomily on business prospects. "Clearly, the shares have been a disappointing investment," says Ian Lowe of Smith New Court. "They have underperformed the market by more than 50 per cent over the past year."

Remarkably, though, things could have been even worse this week. The £55m loss may represent a dramatic fall from 1990/91 profits of £254m, but was smaller than virtually anyone in the City had expected. And, despite hints to institutions that they could expect a 1.5p final dividend, there was still some relief that the pay-out was not omitted entirely.

This is the heart of the matter for investors. After the fall in the share price, and with 70 per cent of the shares held by income funds, the share has become a yield stock. Passing the dividend would have risked seriously alienating the City, and – quite rightly – British Steel does not want totally to discourage its shareholders.

Even so, it is making no bones about the uncertainty of economic recovery, and the consequential effects on future dividends. Restoring levels of profitability even to support the reduced dividend will depend on an increase in steel prices, along with benefits from further cost reductions.

According to Andy Chambers of Nomura Research Institute, there is nothing in terms of demand and supply for steel that indicates conditions will improve quickly.

So what should shareholders do now? "The time to sell was probably three weeks ago when the price was 85p," says Chambers. In the short-term, he cannot see the shares going anywhere, one way or another. Looking further ahead, he predicts a pre-tax loss of £50m this year, but says the company will still be only 10-20 per cent geared at the year-end.

One clue to the immediate future for the share price might come from events this week. US buying has lifted the shares from their 52p nadir, says Lowe, with investors assessing British Steel's peak profits in the next cycle and concluding that the company is between 20-100 per cent undervalued.

Lowe feels the share price could come under further pressure, adding that a further dividend cut is "very likely."

Lowe's relatively pessimistic analysis of British Steel's future cash generation abilities prompts the suggestion that the company should consider fostering the idea of a US-style "dividend cycle", linking the payout to the ebb and flow of profits. One wonders whether UK investors would wear it.

Andrew Baxter

FINANCE AND THE FAMILY

Only the cynics find crumbs of comfort

***John Authers** looks at the stock market's leaders and laggards over the year's first half*

STOCK MARKET cynics have had a good six months. Some would claim that making money out of equities is all about following bid rumours, and nothing to do with the homework of share valuation.

Such cynics might also claim that no shares beat the market indefinitely, and companies which come out top one year will be bottom the next.

This caricatured view is too extreme to be sustainable, but the London stock market's performance over the first half of this year shows why people might believe it.

Midland Bank has more than doubled in price since January 1. This has little to do with fundamentals, as the bank has long been regarded by the City as British banking's weakest link. Not, on the face of it, the soundest of investments.

But once Midland decided to throw in the towel and give up its independence, long-suffering shareholders enjoyed a bumper time. The shares leapt 76p to 329p after the agreed offer by Hongkong & Shanghai Bank was announced, to the surprise of the market, on March 17.

Speculation at the time correctly suggested that a contested bid would develop which limited profit-taking.

It also meant that the offer from Lloyds Bank, when it was finally announced on April 28, did not lead to much reaction in the share price – by now the news was in the price, which only rose 18p to 394p.

The shares still strengthened 31p to 452p on June 2, when Hongkong Bank announced its improved offer.

Rumours that Midland would surrender to a takeover bid had circulated the market for a long time before March. However, the rumours were not reflected in the price. Midland shares did look cheap at the beginning of the year. But it would have been hard to justify as a "blue chip" stock. Those who could afford to take on slightly more risk and regarded Midland as a "special situation" would have done well.

Some of the year's other top performers also benefited from bid rumours. Guardian Royal Exchange produced results which were better than expected, but lingering speculation that European predators are planning a competitive bid for the company has done much to prop up the company's price throughout the year.

Meanwhile, there is a startling addition to the group of laggards – British Petroleum. Few companies can seem so eminently suitable for widows and orphans to invest in as BP, but shares tumbled 30.55 per cent in the first six months of the year.

Again this was due primarily to an event which took the market by surprise – the Dallas-like boardroom coup which ousted chairman Robert Horton last week.

This should not have had any great effect on the underlying value of the company but the share price dropped 34p to 209p the following day. BP had not had a good six months – which helps to explain Horton's departure – but it would not have fallen into the laggards' column without this sudden shock. More grist to the mill of those who believe the market is a speculators' casino.

Other disquietingly big names among the laggards include Barclays, British Aerospace and BET.

BP's announcement also brought back worries about dividends. Royal Insurance passed its dividend earlier this year, while many others, including British Steel, renowned for its high yield, made substantial cuts to payouts. This has led, according to Maureen Hyland, equity strategist at James Capel, to a switch into defensive sectors from capital goods "recovery" sectors which had put in strong growth at the beginning of the year. For example, Other Industrial Materials rose 18.55 per cent, Motors rose 17.16 per cent, and Textiles 16.05 per cent.

Dividend worries and a desire for security primed the sector which seems to be the big gainer of the year – water.

Four water companies are in the top ten, aided by the election, which removed the political risk affecting the sector, while water is easily the strongest sector, with a rise of 31.44 per cent (the next, food retailing, registered 20.87 per cent).

People are unlikely to stop drinking water and, with dividends well protected, this sector might take over as the destination for income investors.

But Nick Train, of GT Management, has doubts – his advice to those who want to invest in water for the safe dividends is to buy a gilt instead. The yield will be higher while political, social and economic pressures should all conspire against the cosy and protected monopoly profits on which water companies can now rely.

Further evidence to support the cynics comes when this year's weak-performing sectors are compared with last year's.

Twelve months ago, the headline for this story was "Game, Set and Match to Wellcome". Pharmaceutical companies came first, second, third and sixth over the first six months of 1991, and the Health & Household sector was the top performer with 36.1 per cent growth. It retained this ranking over 12 months.

So far this year, the sector is third from bottom, having dropped 15.63 per cent. Wellcome, Glaxo and Fisons, pharmaceutical companies all, are in the bottom ten.

This is in spite of the market's overall poor performance. Pharmaceuticals' strength last year was based on its defensive qualities. Whatever the health of the economy, people will always fall ill.

Particular problems with Wellcome, gearing up for its current massive flotation, and Fisons, which plummeted 29 per cent in one day after issuing a profits warning, hampered the sector.

Property was the weakest sector, with a fall of 19.38 per cent. A bad six months when the problems of Canary Wharf were only the most eye-catching to hit the sector, made this almost inevitable.

Otherwise the performance of the entire market has been a rag-bag, with few clear trends. The market has done nothing special, with the FT-A 500 Share up just 2.52 per cent over six months, and the FT-A All Share up 2.44 per cent.

All this in spite of the euphoria which greeted the Conservative election victory in April. Then, the FT-SE shot up 136.2 to 2,572.6, the biggest one-day rise since October 1987.

The main FT-SE index had risen only 8.3 per cent during the Tories' 1987-1992 term, and many observers felt that the time had come for shares to take off again.

Amid the euphoria there was a spate of new issues, unequalled since the 1987 bull market. The list included Wellcome, Guinness Peat Aviation and the *Daily Telegraph*.

The excitement lasted six weeks. Then reality intruded. Train put it this way: "That mood has unwound in the last six weeks as we have come to realise that interest rates are not coming down, and that the rest of the world is still struggling under these extraordinary high real interest rates."

He remains pessimistic for the future, pointing out that UK pension funds already have around 80 per cent of their funds invested in equities – he does not see where extra money is going to come from.

The GPA flotation was pulled while the *Telegraph's* new issue flopped and the market descended into formless wandering. If you look at the market over a six-month period, the general election need never have happened.

A strong economic recovery would shake the market out of its worried state, and cause a switch into "recovery" stocks, such as those involved in manufacturing, according to Hyland. She remains optimistic that a recovery will fuel the market out of its wandering.

There is a little cheer to be had from the smaller stocks. Proteus, a pharmaceutical company which has announced both a loss and a rights issue this year, is the only stock of any size to beat Midland. It is using computer technology in transatlantic joint ventures to develop drugs for fish, and DNA-binding products, and has seen its share price rise by 157.44 per cent over the first six months of 1992. As it is still producing losses, this at least reflects a refreshing lack of cynicism in the market.

Then, Yuletide cheer, in this sceptical age, delivered growth of 69.62 per cent for Park Food Group, which specialises in distributing Christmas hampers. Sales increased 14.7 per cent for Christmas 1991, so there was some festivity about.

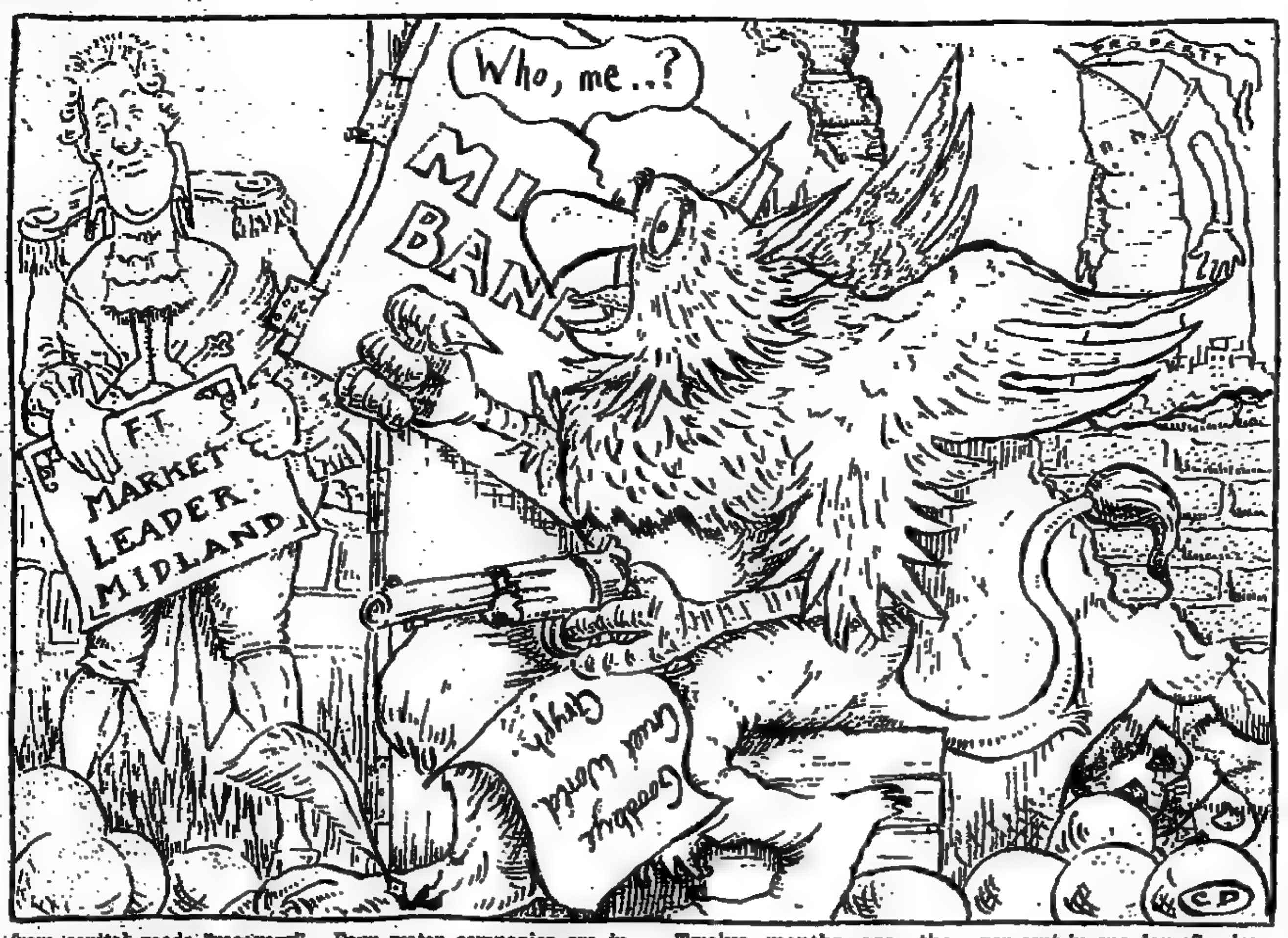
Some other leading smaller companies, such as Amstrad, boosted by satellite dishes, and First National Finance, were recovering from serious share price falls last year.

The year's financial tragedies helped turned some smaller companies into laggards – the property sector's dismal performance accounts for Regalian, Kunick, and Greycoat, and will also have harmed the construction companies BM and Birse.

It is not hard to guess at the reasons for the 59.55 per cent drop in the price of Sturge Holdings, an underwriting agent at Lloyd's. Meanwhile, Harland Simon, the control systems specialist which lags everyone having dropped 89.01 per cent, could in part blame Robert Maxwell for the profits warning it posted in February.

Contracts with Mirror Group Newspapers and Maxwell Communications took £2m out of predicted profits, while £750,000 was put aside to cover disputed debts to the two Maxwell companies. This time last year, Maxwell Communications was one of the "leaders", having grown 35.1 per cent in the first six months of 1991.

No wonder some are cynical about the stock market.



FT-SE 100

1992 LEADERS			1992 LAGGARDS		
1	Midland Bank	113.49	1	Barclays	-12.93
2	Siebe	40.90	2	Willis Corroon	-13.31
3	Thames Water	33.33	3	Forte	-14.59
4	Guardian Royal Ex.	33.33	4	Lasmo	-19.28
5	RTZ Corp	32.42	5	Glaxo Holding	-20.40
6	North West Water	31.74	6	Wellcome	-21.07
7	BAA	30.51	7	British Aerospace	-23.44
8	Carlton Comms.	30.34	8	BET	-28.64
9	Severn Trent	29.90	9	British Petroleum	-30.55
10	Anglian Water	27.58	10	Fisons	-34.97

Source: Datastream

SMALLER STOCKS

1992 LEADERS			1992 LAGGARDS		
1	Proteus Internat.	154.44	1	Harland Simon	-89.01
2	First Nat. Finance	70.37	2	Regalian Properties	-85.29
3	Park Food Group	69.62	3	MTM	-84.77
4	Transfer Technology	61.09	4	Kunick	-84.29
5	Next	58.26	5	BM Group	-70.71
6	Amstrad	56.52	6	Greycoat	-66.37
7	Storehouse	53.41	7	Gardner Group	-63.16
8	FKI	52.88	8	Birse Group	-61.04
9	Avon Rubber	51.50	9	Sturge Holdings	-59.55
10	Frost Group	50.69	10	Shandwick	-58.10

Source: Datastream

Why it pays to motor around

There are ways of keeping down your car insurance bill, says ***Scheherazade Daneshkhu***

MOTOR insurance premiums have been rising steadily over the past two to three years, as motor insurers adjust to large increases in accident and theft claims. Equally, competition in the industry has increased to such an extent that, more than ever, it is worth shopping around.

It is no longer necessarily the case that there is a standard rate for all cars and drivers. Insurers work out their premium rates with reference to a rising number of factors – ranging from the age and type of motor to the age and record of the driver.

By the end of this month most companies will have introduced a new system of rate banding set out by the Association of British Insurers last year.

Instead of nine insurance bands, cars are being grouped into 20 bands. The old system, which dates from the 1960s, does not take into account the range of models now available on the market.

The effect will be to penalise the "hot-hatches" – small cars with powerful engines – that are perceived as high risk because of their speed and the high probability that they will be stolen. For example, the new band for the Volkswagen GTi is 14 instead of 6, for the Peugeot 205 1.6 GTi, it is 12 instead of 5, while the Ford Fiesta XR2i, which was in band 5, is now in band 14.

"As a rough rule of thumb, cars that have doubled their rating band should be in the same position," said Eileen Kimber of the ABI who estimates that nearly a third of motorists will be worse off as a result of the new system, a third better off and the rest should see no change.

"In the long run, the new ratings are sensible because we now have so many cars with differences in their performance on the market," said Noel Privett of the Automobile Association. The beneficiaries will be family saloon cars such as the Vauxhall Cavalier 1.6L. Its new rating is a modest 6 instead of 4. Cars such as the Ford Orion 1.6i which shared the same insurance band as the Ford Fiesta XR2i will move into band 9 instead of 14 for the Fiesta.

Competition among insurers is increasing, as more insurers choose the direct route to the customer, using mass media advertising to attract potential custom and then evaluating risks and selling policies over the telephone.

The smaller brokers, the insurance industry's equivalent of the corner shop, are losing out and are being forced to respond to the threat by deploying their own packages and technology.

Companies such as Directline, direct insurance arm of the Royal Bank of Scotland and Churchill, direct motor insurer set up by Switzerland's Winterthur, have cornered around 15 per cent of the market. Some of the composites, such as Eagle Star and General Accident have also got in on the act by setting up direct sales services.

"Most of the big companies have had very bad losses and are having to increase premiums," said Martin Long, chief executive of Churchill.

"The costs of setting up were high but we are now trading profitably. By cutting out the middleman we have lower costs and can attract business more cheaply."

While direct sales insurers are cheaper for many drivers, they are not a good deal for some. Their strategy is to write policies for low risk drivers only.

"We don't quote for young drivers in performance cars and we are not attractive in most inner city areas," said Chris McKee, director of Directline, the first direct sales company, set up in 1985.

This strategy has ensured profits at a time when the big composites are facing losses on the motor insurance side because of a rise in claims, partly as a result of an increase in motor theft. The ABI said last week that motor insurance underwriting losses amounted to £1.2bn last year.

Andy Miller, development manager at Norwich Union, predicts that the cost advantage of the direct insurers will diminish when the process of networking, by which intermediaries are linked directly to the composite insurers through the electronic marketplace becomes widespread in 1994.

Other profitable sections of the motor insurance market are some of the Lloyds syndicates which can offer rates equally competitive with the direct insurers. Barry Hulbert, of Hill House Hammond, the retail insurance broker owned by Norwich Union, says that by using the range of the market, brokers can quote premiums that are 10 to 15 per cent cheaper than that of the direct writers.

The table shows clearly the substantial differences in motor insurance quotations. Rates can be up to 66 per cheaper than those shown since we have excluded no claims bonus discounts. Motorists who install safety devices are also likely to obtain lower quotes.

Premiums are expected to increase by an average of 25 per cent in the next year but if you do not fall into the high risk category, comparing quotes should ensure that your motor insurance bill does not rise by this amount.

Motor insurance premiums

Car and age of driver and area	AA	CU	Eagle Star direct	Eagle Star standard	Directline	Churchill	Norwich Union
	Company and Premiums (£)						
VW Golf 1.8 Cabriolet (22 year old)							
Fulham	2,721	no quote	no quote	no quote	no quote	no quote	2,713
Shrewsbury	1,610	no quote	no quote	no quote	no quote	no quote	1,602
Ford Escort 1.6 LX (39 year old)							
Maidstone	690	875.38	678	796	616	536	988
Manchester	857	1,117.23	878	1,013	771	680	1,348
BMW 525i (50 year old)							
Truro	1,379	1,515.57	no quote	1,320	1,162	986	1,599
Newcastle upon Tyne	1,848	2,031.02	no quote	1,551	1,344	1,121	2,440
Vauxhall Nova 1.2L (67 year old retired)							
Cardiff	379	518.10	369	412	345	263	561
Leeds	379	599.76	432	469	360	274	737

Quotes are for a male driver, no convictions, employed in a standard job with policy for driver-only fully comprehensive cover. Cars two years old. Note: Premiums do not include no-claims bonuses

Directors' Transactions

DURING a week remarkable only for its quietness, directors' activities continued to be low key.

London International's announcement of unexpectedly poor results led to shares falling rapidly.

Immediately following the fall, two directors took the opportunity of increasing their holdings. Alan Woltz, the chairman, and Anthony Butterworth, chief executive, bought 15,000 and 50,000 shares respectively at prices around 227p.

At Westport Group, the exhibition equipment company, four directors bought shares after final results were announced. Lyn Evans, David Ludlam, the managing director, and Ian McQuattie, the chief executive, each bought 250,000 shares. Currently trading at only 2p, the total value of these purchases was low; however, the impact was to double McQuattie and Ludlam's holdings and to establish Kanter's entire holding.

The share price at Scottish Television has performed steadily over the past 18 months. William Brown, the chairman, has sold 79,596 shares at 403p. His previous sale was made at 290p six months ago. Brown still retains 190,000 shares.

DIRECTORS' SHARE TRANSACTIONS IN THEIR OWN COMPANIES (LISTED & USM)

Company	Sector	Shares	Value	No of directors
SALES				
Abbott Mead Vickers	Mdia	43,000	174	2*
Courtaulds	Chem	30,000	165	1*
Ferrum Holdings	EngG	25,079	12	1
Johnson Matthey	Mtal	20,500	90	1*
Lambert Howarth	Misc	65,600	372	2*
Marks & Spencer	Stor	74,476	244	1*
Metro Radio Group	Mdia	23,000	39	1
Yule Catto	Chem	5,500	14	1
PURCHASES				
Helical Bar	Prop	90,000	55	4
London Int. Group	Hlth	65,000	148	2
Neotronics Tech.	OthM	10,000	14	1
Westport Group	Cont	1,250,000	25	4

Value expressed in £000s. Companies must notify the Stock Exchange within 5 working days of a share transaction by a director. This list contains all transactions, including the exercise of options (*) if 100% subsequently sold, with a value over £10,000. Information released by the Stock Exchange 22-26 June 1992.

Source: Directus Ltd, Edinburgh

Phantoms and liability

VICTIMS of "phantom withdrawals" from cash dispenser machines may find that their liability is not automatically restricted to £50 as they were led to believe by the Code of Banking Practice.

The code appears to state this clearly, but it may be more cryptic. Cardholders could be at the mercy of legalistic quibbling and ad hoc inter-ombudsmen arrangements.

The main problem is that the code does not specify whether the £50 limit is a maximum or a limit applying to each unauthorised transaction.

"It is something we must think about," said Jane Woodhead, a building society ombudsman. "We can't decide in advance. The most you can say is it is possible the limit could apply per transaction."

She explained that under the Consumer Credit Act, the deciding factor would be whether the card had been in the holder's possession between transactions.

The banks are divided on the limit. Barclays and National Westminster said they thought the £50 applied per account not per transaction. Lloyds said that in the exceptional case of someone losing a card which then came back into their possession, the liability could be £50 per transaction. Midland Bank saw the £50 limit as a maximum but said each case would be treated on its merits. The bank would be bound by the ombudsman's decisions if these came down on the side of a limit per transaction.

Chris Eadie, deputy banking ombudsman, said that while £50 could be the maximum liability for a series of unauthorised withdrawals, it might also apply several times if the series were broken by the customer using the card legitimately.

The £50 limit does not apply in cases where the bank (or building society) can prove that the customer acted fraudulently or grossly negligently.

But Stephen Edell, one of the building society ombudsmen, notes there is no authority in law on what "gross negligence" means, apart from a 19th century definition that it is "negligence with a vituperative epithet."

"The banking ombudsman and we will have to decide about this as cases arise," said Edell. Woodhead suggested the requirement to prove gross negligence – however defined – was easier on customers than simple negligence would have been.

Barbara Ellis

The Week Ahead

Asda, the highly-indebted Leeds-based grocery chain, will have much to tell its anxious shareholders when it reports its full-year results on Monday.

Analysts have pencilled in an £80m profit figure but this could be severely depressed depending on how much of a financial hit Asda takes on its redundancy programme and whether it accepts the charge above or below the line.

The hard-pressed company has also warned that it is likely to take a substantial write-down on the portfolio of 60 stores it expensively acquired from Gateway in 1989. This could run into several hundreds of millions of pounds.

Shareholders will want to know how Asda plans to tackle its shrinking volumes and pinched margins.

On Wednesday, the UK's biggest electrical chain, Dixons will report its full year results, which should provide a good insight into whether there are any flickerings of life on the high street. At the time of its interim results, the company's chairman, Stanley Kalms was upbeat about the strength of the recovery but since then demand is believed to have slackened.

Pre-tax profits are expected to have fallen by some £10m to £71m with the company's US operations continuing to drag down the overall numbers.

The Rank Organisation is expected to report on Thursday six month pre-tax profits of between £90m and £94m, slightly down from last year's £96m. The fall is likely to come from Rank's share in Rank Xerox, the photocopying company, and particularly from Fuji Xerox, which has been hit by the downturn in the Japanese economy.

Scottish & Newcastle, the brewer, is likely to report on Monday pre-tax profits for the year to April only marginally ahead of £217m a year earlier. Higher interest charges have eaten up much of the increase in operating profits.

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m's**	Bidder
Prices in in pence unless otherwise indicated					
BHH ‡	36*	35	34	21.24	BM Group
Cronite	45*	46	29	7.31	AFE SA
Dowty ‡	182	164	145	453.49	TI Group
Henlys	72	76	52	27.24	Cowie (T)
IBG	140	121	127½	30.16	[illegible] Group
JS Pathology	175*	170	154	23.06	Corning
Manders	283	259	237	88.72	Kalon
Microtec	116	110	113	15.42	Meggitt
Midland ‡	480§	470	372	3.77bn	HSBC
Morland	490	453	465	104.0	Greene King
Penny & Giles	344	370	235	33.19	Bowthorpe
Tyne Tees TV	297½	275	234	30.89	Yorkshire TV
Worcester ‡	225*	223	188	80.50	Robert Bosch

*All cash offer. †Cash alternative. ‡For capital not already held. §Unconditional. **Based on 2.30 pm prices 3/7/92. §§Shares & cash. ‡ Based on local price.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Abtrust New Dawn	Apr	183 #	(158#)	0.61	(0.53)	0.5	(0.5)
Adam & Harvey	Mar	6,400	(5,960)	69.9	(-)	11.0	(-)
Alba	Mar	5,060	(4,200)	7.79	(7.11)	4.75	(4.35)
Alphameric	Mar	2,090 L	(2,910 L)	-	(-)	-	(-)
Anglo United	Mar	8,300	(15,700)	1.9	(5.1)	0.85	(1.6)
Asprey	Mar	19,400	(24,400)	15.14	(18.54)	4.85	(4.85)
Assoc Energy Serv	Nov	1,070 L	(199 L)	-	(-)	-	(-)
Avesco	Mar	2,300 L	(1,150)	-	(2.0)	0.5	(1.5)
Berkeley Group	Apr	12,600	(925)	13.6	(0.3)	5.0	(4.5)
Beverley Group	Dec	2,600 L	(941)	-	(-)	-	(-)
British Steel	Mar	55,000 L	(254,000)	-	(9.65)	4.5	(8.75)
Bromsgrove Inds	Mar	7,090	(8,850)	11.0	(14.8)	4.0	(3.9)
Camellia	Dec	13,130	(20,400)	100.9	(128.7)	27.0	(25.0)
Cardo Engineering	Mar	6,630	(8,040)	9.6	(13.7)	7.81	(7.81)
Charter Consolidated	Mar	73,600	(77,500)	42.5	(44.6)	21.5	(21.0)
[illegible] Inv Tst	May	550 #	(526 #)	7.77	(7.44)	7.95	(7.95)
Debenham Tewson	Apr	1,590	(4,060)	2.76	(7.57)	2.5	(6.0)
Electric & General	May	3,840	(4,090)	3.14	(3.28)	3.1	(3.0)
Europe Energy	Mar§§	164 L	(7 L)	-	(0.08)	-	(-)
Farepak	Apr	4,840	(3,700)	14.5	(11.1)	5.0	(3.87)
Fleming High Inc	May	-	(-)	3.53	(3.57)	3.57	(3.57)
Fleming (Robert)	Mar	76,600	(48,200)	116.1	(65.0)	33.0	(27.5)
GEC	Mar	829,000	(818,000)	16.6	(18.6)	9.6	(9.25)
Glenchewton	Dec♣	275 L	(1,130)	-	(2.99)	-	(-)
Gold Greenlees Trott	Apr	4,090	(5,020)	17.3	(19.2)	8.3	(8.3)
Grand Central Inv	Dec	922	(1,340)	-	(2.03)	1.15	(1.1)
[illegible]	Dec	8,870 L	(16,700 L)	-	(-)	-	(-)
Hewetson	Mar	745	(1,610)	2.99	(11.86)	2.6	(4.5)
Hobson	Mar	210 L	(270 L)	-	(-)	-	(-)
In Shops	Mar	2,800	(3,700)	6.3	(7.3)	2.63	(2.45)
Jones & Shipman	Mar	7,350 L	(960 L)	-	(-)	-	(1.0)
Lowndes Lambert	Mar	9,300	(7,400)	25.8	(21.3)	12.6	(-)
[illegible]	Mar	22,700 L	(4,080 L)	-	(-)	0.5	(4.0)
Marling Industries	Mar	11,900 L	(3,600)	-	(4.84)	0.3	(4.2)
Midlands Elec	Mar	142,100	(109,700)	48.0	(35.7)	17.25	(10.5)
Mrs Fields	Dec♣	10,400	(14,100)	-	(-)	-	(-)
MS International	May	251	(59)	1.0	(0.4)	2.5	(2.5)
Murray Split Capital	May	1,180	(-)	10.55	(-)	8.5	(-)
New London	Mar●	5,040	(3,840)	3.5	(3.2)	-	(-)
Northern Electric	Mar	96,200	(69,300)	59.6	(41.4)	18.55	(11.38)
Optometrics	Mar●	200	(136 L)	1.0	(-)	-	(-)
Reject Shop	Mar	652	(763)	4.47	(4.68)	3.15	(3.15)
Shaw (Arthur)	Mar	297 L	(267)	-	(1.96)	1.3	(4.1)
Sims Food Group	Mar	9,910	(8,220)	23.4	(22.3)	11.25	(10.25)
South Western Elec	Mar	83,000	(61,300)	50.6	(39.0)	17.4	(10.57)
Southern Water	Mar	115,100	(97,100)	64.2	(53.4)	19.5	(17.7)
Syltone	Mar	2,870	(2,730)	22.22	(22.18)	9.45	(9.0)
Tex Holdings	Mar	396 L	(522 L)	-	(-)	-	(-)
Turnbull Scott	Mar	570	(3,390 L)	6.1	(-)	-	(-)
Umeco	Mar	312	(701)	3.3	(9.0)	1.07	(3.89)
United Industries	Apr	1,540 L	(795 L)	-	(-)	-	(1.0)
Vistec Group	Apr	2,700	(1,760)	1.52	(0.95)	0.3	(0.2)
Walker & Staff	Mar	610	(389)	16.6	(11.0)	5.0	(3.3)
Wilton Group	Dec	39	(1,080 L)	-	(-)	-	(-)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Allied Radio	Mar	357 L	(703 L)	-	(-)
[illegible]	Mar	45	(1,770 L)	-	(-)
[illegible] Int'l	Mar†	58,000 L	(178,800)	-	(-)
[illegible]	Feb	7,520 L	(513)	-	(2.1)
Brunner Inv Tst	May	1,720 †	(1,870 †)	2.35	(2.2)
Buckingham Int'l	May	2,210 L	(2,150 L)	-	(-)
Cranbrook Elec	Mar	48 L	(95 L)	-	(-)
Crest Nicholson	Apr	1,690 L	(33,900L)	-	(-)
[illegible] Leisure	Apr	196 L	(155 L)	-	(-)
Dewhurst	Mar	310	(201)	0.83	(0.8)
Dwyer	Mar	731 L	(644)	-	(1.5)
Fyffes	Apr♣	12,400	(9,320)	0.355	([illegible])
Granada Group	Apr	57,200	(38,500)	2.75	(2.5)
Greenwich Comms	Feb	92 L	(95 L)	-	(-)
Kenmare Res	Oct♣	180 L	(47 L)	-	(-)
Lonrho	Mar	38,000	(109,000)	2.0	(5.0)
Lovell (YJ)	Mar	1,490 L	(1,520)	-	(2.2)
Partridge Fine Art	Apr	987	(738)	1.0	(1.0)
Regina	Feb	457 L	(94)	-	(-)
Sperati (CA)	Apr	12	(27)	-	(-)
Teredo Petroleum	Mar	91	(160)	-	(-)
Whessoe	Mar	715 L	(1,370)	1.0	(1.0)
Willoughby's Cons	Mar	1,830	(270)	1.0	(1.0)

(Figures in parentheses are for the corresponding period.)
*Dividends are shown net pence per share, except where otherwise indicated. L = loss. # = Figures for operating profit quoted in US dollars. † = Net profits/loss. ● = Figures quoted in US dollars and cents. ♣ = Figures quoted in Irish pounds & pence. ♣ = This years figures for eight months. # = Net revenue. §§ = This years figure for fifteen months.

RIGHTS ISSUES

Burnfield is to raise £22.7m via a 3-for-4 rights issue at 165p.
Hobson is to raise £2m via a 1-for-1 rights issue at 5p.
Marling Industries is to raise £16m via a 4-for-1 rights issue at 15p.

OFFERS FOR SALE, PLACINGS & INTRODUCTIONS

British Bio-technology Group has raised £30m via a placing of 7.08m shares at 425p.
Finsbury Smaller Companies Tst is to raise £8.3m via a placing and offer to shareholders of 3.3m new ordinary shares at 119p and 3.3m zero dividend preference shares at 140p.
Maddox Group is to raise almost £18m via a placing and open offer.
Shanghai Fund (Cayman) has raised $17.7m via a placing of 1.77m shares at $10.4 per share.
Tems (John) is to raise £1.8m via a placing and open offer of 2.43m shares at 70p.

RESULTS DUE

Company	Announcement due	Dividend (p)* Last year Int.	Last year Final	This year Int.
FINAL DIVIDENDS				
Asda Group	Monday	1.86	2.65	1.25
Assoc British Engineering	Tuesday	-	0.1	-
Assoc Nursing Serv	Monday	1.0	-	-
Banner Homes	Thursday	-	-	-
Bespak	Wednesday	3.0	5.0	3.6
[illegible] Industries	Tuesday	0.5	1.0	0.67
Bogod Group	Wednesday	0.1	0.22	0.1
Budgens	Wednesday			
Burtonwood Brewery	Thursday	0.7	3.64	0.7
[illegible]	Tuesday	1.3	1.3	1.3
Creighton's Naturally	Tuesday	1.8	4.4	2.0
Daejan Holdings	Monday	6.0	16.0	12.0
Dixons Group	Wednesday	1.8	4.2	1.6
Eastern Electricity	Wednesday	-	10.12	4.86
Evans of Leeds	Tuesday	1.18	2.66	1.3
French Connection	Wednesday	0.9	1.8	-
Gibbons Lyons	Wednesday	2.0	4.0	2.0
Greene King	Tuesday	3.3	7.5	[illegible]
Harland Simon	Thursday	2.0	5.0	2.25
Harrison Industries	Wednesday	2.0	[illegible]	1.25
Hollas Group	Wednesday	0.6	0.6	0.6
Howden Group	Tuesday	1.59	-	0.7
Jurys Hotel Group	Thursday	2.0	3.0	2.0
Oceonics Group	Tuesday	-	-	-
Platignum	Monday	-	-	-
Real Time Control	Tuesday	-	3.0	-
Reliance Security	Monday	2.2	6.2	2.2
RPH	Monday	-	-	-
Scottish Hydro-Electric	Thursday	-	-	3.25
Scottish & Newcastle	Monday	5.1	9.9	[illegible]
Seaboard	Tuesday	-	[illegible]	[illegible]
Stanley Leisure	Thursday	1.8	3.06	1.8
[illegible] & Wright	Thursday	-	105.0	-
Symonds Engineering	Thursday	0.3	0.7	0.3
3i	Tuesday	-	-	-
Tiphook	Monday	3.6	10.3	4.2
Tops Estates	Wednesday	0.5	1.3	0.55
Vardy (Reg)	Thursday	1.2	2.4	1.3
Whatman	Monday	0.1	0.2	0.1
Yorkshire Electricity	Tuesday	-	10.81	5.23
INTERIM DIVIDENDS				
City Site Estates	Monday	0.96	0.5	-
[illegible]	Thursday	2.1	4.15	-
Eurocamp	Thursday	-	5.5	-
Evode Group	Monday	1.78	1.8	-
Gardiner Group	Wednesday	0.47	0.83	-
Gresham Telecomputing	Tuesday	-	0.22	-
Kalon	Tuesday	-	-	-
Kershaw (A) & Sons	Thursday	9.0	18.0	-
Malvern UK Index Tst	Friday	1.25	2.0	-
M&G Dual Tst	Wednesday	30.65	39.58	-
Newman Tonks	Wednesday	3.6	5.5	-
P&P	Tuesday	1.33	3.0	-
Rank Organisation	Thursday	10.25	20.75	-
Securicor Group	Tuesday	0.61	1.72	-
Securiguard Group	Tuesday	2.2	5.3	-
Security Services	Tuesday	1.29	3.19	-
Terex Hire	Tuesday	-	0.4	-

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue.

Getting him in wasn't a problem. But try getting him out again.

You've tried everything. Sticks. Bones. Balls. Sausages. You even kidnapped the neighbour's cat. But the dog refuses to come out.

It started when you brought your Primera home. He ran up to its beautiful shape the minute you drove up. Then you opened the wide tailgate. Immediately he jumped in and made himself completely at home. He sniffed at the stain resistant carpet of the huge luggage compartment.

After you folded down one of the separate rear seats, he visited the passenger area. While you slipped into the complete and ergonomically designed cockpit.

You started the two-litre 16-valve engine and watched your dog's tail start wagging. He snuggled into every seat. You hadn't seen him this relaxed in years.

In the end he settled in the back where, thanks to the unique rear suspension, the floor is completely flat.

It's been all afternoon. And you still haven't gotten him out. Maybe it's time to try the postman.

Model shown Station Wagon. Specifications may vary in every country.
The Nissan Primera is available in 4-door Sedan, 5-door Hatchback and Station Wagon models.

NISSAN

Primera Wagon.
The best friend of the family.

FINANCE AND THE FAMILY

Pensions: the best of both worlds

***Debbie Harrison** on how to increase contributions*

WANT TO have your pension cake and eat it? Pensions come in two varieties – occupational schemes, run by employers, and personal pensions, managed by independent fund managers or insurance companies. As a rule you have to decide between the two.

The normal way to boost your pension if you are a member of an occupational scheme is to take out an Additional Voluntary Contribution (AVC). These can be free standing contracts, or schemes offered by your main pension plan.

But they do not allow the same flexibility as a personal pension. So if the special circumstances in which a personal pension and a company scheme can be run side by side apply to you, it pays to investigate further.

Where bonuses and overtime are not included in the employee's pensionable salary under the main scheme, they can be used to pay AVCs or FSAVCs (Free-Standing AVCs). Also, the taxable value of fringe benefits can be used for FSAVCs. The contribution limit is 15 per cent for both main scheme and FSAVCs, subject in some cases to the earnings cap.

Unlike a personal pension, you cannot take tax-free cash from a FSAVC – all of the proceeds must be put into an annuity. The same applies to AVCs started after April 1987.

Also, the date at which FSAVC benefits can be taken is determined by the main scheme rules. The only exception is where an employee has left the main scheme and has stopped paying into the FSAVC, in which case the FSAVC benefits can be taken at any time between the ages of 50 and 75.

For these reasons, a personal pension seems preferable to an AVC. However, anyone contemplating an occupational and personal pension cocktail should seek expert advice to make sure they are not unwittingly contravening Inland Revenue rules. The Revenue monitors contributions strictly. In the case of accidental over-funding the excess contributions normally are refunded, less tax relief. But if over-funding was deliberate, hefty fines are common.

The contribution and benefit limits for occupational schemes are very different from those applying to personal pensions. Under personal pensions the maximum contribution is 17.5 per cent of relevant earnings (more for older employees*) subject to the earnings cap, currently £75,000.

Under an occupational scheme employees can contribute up to 15 per cent pensionable salary to build up a maximum pension of two-thirds final salary subject, in some cases, to the earnings cap. Personal pension benefits can be drawn from age 50, whereas the company pension must be drawn at the scheme's normal retirement age – usually 65.

There are advantages and disadvantages with both schemes. Personal pensions are more flexible and portable than occupational schemes. But company schemes generally link the value of the pension to the employee's salary and thus provide a better hedge against inflation than a personal pension, which simply provides a fund at retirement which is used to purchase an annuity, making it vulnerable to the health of the gilts market at the time you retire.

Personal and company pensions are often used in conjunction when the company scheme is contracted in to the State Earnings Related Pension Scheme (Serps). Most schemes in the UK are contracted out of Serps – in other words, in return for a rebate of National Insurance Contributions (NICs), these schemes guarantee to provide pensions which are as good as, or better than, the Serps pension they replace.

However, more than 1m employees are members of contracted-in schemes where the scheme benefits are paid in addition to the Serps pension. In these cases it is possible for an employee to use an "appropriate" personal pension to contract out of Serps on an individual basis. An appropriate personal pension can only be used to take the rebate of NICs which, for the current tax year, is worth up to £1,500.

Most employees under the age of 35 would be better off with such a personal pension as the value of the rebate is greater than the value of the Serps benefit given up. Taking out a personal pension does not affect the employee's rights and benefits under the main company scheme.

Personal pensions can also be used by employees who have a second source of income, from freelance work for example. Younger employees can contribute up to 17.5 per cent of these freelance earnings to a personal pension. The Revenue does not take into account the benefits from the personal pension plan when assessing maximum benefits under the occupational scheme.

However, it does check payments made by employees to ensure there is no crossover between contributions made in respect of the two sources of earnings. Freelance earnings must derive from an entirely separate source from the main salary. Bonus or overtime earnings cannot be used to fund a personal pension.

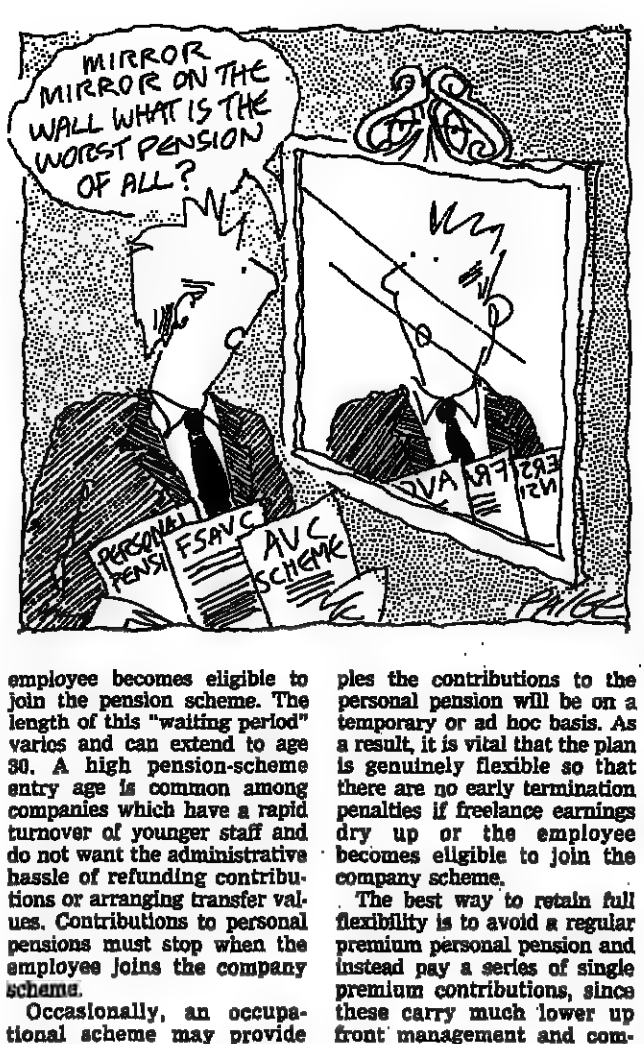
Personal pensions can, however, be used as a stop gap between the date of joining the company and the date the employee becomes eligible to join the pension scheme. The length of this "waiting period" varies and can extend to age 30. A high pension-scheme entry age is common among companies which have a rapid turnover of younger staff and do not want the administrative hassle of refunding contributions or arranging transfer values. Contributions to personal pensions must stop when the employee joins the company scheme.

Occasionally, an occupational scheme may provide only death and dependants' benefits. If this is the the case, it is possible to take out a personal pension. And finally, an employee who is a member of an occupational scheme may also use a personal pension to take a transfer value from an earlier period of employment.

In several of the above examples the contributions to the personal pension will be on a temporary or ad hoc basis. As a result, it is vital that the plan is genuinely flexible so that there are no early termination penalties if freelance earnings dry up or the employee becomes eligible to join the company scheme.

The best way to retain full flexibility is to avoid a regular premium personal pension and instead pay a series of single premium contributions, since these carry much lower up front management and commission charges.

* Contribution limits for personal pensions as a percentage of net relevant earnings (subject to the earnings cap): Up to age 35, 17.5 per cent; age 36-45, 20 per cent; age 46-50, 25 per cent; age 51-55, 30 per cent; age 56-60, 35 per cent; age 61-74, 40 per cent.



Expatriates

FED tax rule changes

NO-ONE – and that includes the Inland Revenue – seems to understand exactly how the foreign earnings deduction (FED) is supposed to work.

The latest set of changes to the rule means yet more administrative hassle, but also offers the prospect of substantial refunds for some.

Under the rule, enacted 18 years ago, employees who do their job wholly or partly abroad but are not absent long enough to achieve non-residence may be entitled to a deduction of 100 per cent for tax purposes from their foreign earnings. This is Revenue-speak for saying these earnings will be free of all UK tax.

This could happen, for example, if your employer seconded you overseas from May 5 1990 to January 5 1992. This absence does not exceed a complete tax year, so you would remain UK resident and ordinarily resident throughout.

To qualify for a FED, you must spend 365 days or more working full-time wholly outside the UK, during which you would have to ensure that your UK visits did not exceed either 62 consecutive days nor one sixth of the days in the period during which you are overseas. Greater limits apply to seafarers.

The process is quite simple if you have spent an entire tax year (from April 6 one year to April 5 the next) out of the country, but gets very complicated when used to calculate tax liability for long stays out of the country which straddle two tax years.

The FED applies to people, such as company directors or airline pilots, who become resident because they perform duties of substance (in other words, not just duties incidental to those which they perform overseas) in the UK, and have maintained a home there.

The Inland Revenue intimated last November that it had been applying the rules incorrectly in certain respects. The changes, effective from April 6 this year, will have adverse results on the taxability of terminal leave pay received by those who had previously been UK non-residents.

And earlier this month, the Revenue made clear that yet more changes are in hand. These relate to the level of overseas earnings to which the FED applies. Should it be the gross earnings or the net earnings after deducting items such as capital allowances, contributions to employers' superannuation schemes, travelling and other expenses?

The answer, we are told, is that the law intended it to apply to the net figure and, indeed, the Inland Revenue has consistently applied it on this basis. Unfortunately, it now accepts that following an unintended change in the law in 1984, this treatment has been incorrect.

If your pay is excluded from liability for a complete tax year, it makes no difference which basis is applied. So, if your salary is £60,000 a year and you pay employers' pension contributions of £9,000 a year, the result is the same whether you receive FED on £60,000 or relief for your pension contributions of £9,000 and FED on £51,000.

But it matters a great deal for the broken tax years of departure and return. So, if the same figures apply to the May 1990-January 1992 absence mentioned earlier, the first 10 months of your salary for 1991-92 would be fully covered by the FED, leaving the full £9,000 annual pension contributions to be set off against the taxable £10,000 salary for the last two months. The position for 1990-91 would be similar.

By contrast, if a net basis is applied, the calculation for the first 10 months will be: salary £50,000 minus pension contributions £7,500 = £42,500 minus Fed £42,500.

No pension contributions could be carried forward from this period, so the two months salary which was taxable would attract relief only for the contributions in those months, that is, £10,000 minus £1,500 = £8,500.

To correct the situation, a new clause has been tabled to the summer Finance Bill. This makes it quite clear that from April 6 1992, the net basis applies.

You can only be certain of a right to re-open assessment for the years 1990-91 and 1991-92 although it may, in some circumstances, be possible to go back further.

So if in the recent past you have benefited from the FED for part of a tax year, you would do well to get out your old papers to see if you are affected. If you are, you could be entitled to a substantial refund of the tax you have already paid.

Donald Elkin

■ *Donald Elkin is a director of Wilfred T. Fry Limited of Worthing, West Sussex.*

Fancy a lodger?

HOMEOWNERS who are finding it difficult to meet their mortgage repayments may be considering letting out a room in their house.

But they should be aware that this will have an effect on their house contents insurance cover. "Most insurance companies will restrict theft cover and delete accidental damage cover when paying guests are living on the premises," said Clive Longhurst, of the Association of British Insurers.

The government has given a tax incentive to those considering renting out a room by adding a new clause to the Finance Bill which is expected to pass through parliament later this month.

The rent-a-room scheme would allow people to let out a furnished room for £62.50 a week before becoming eligible for tax. The relief is available to individuals for their only or main home and will apply to gross rents, up to a limit of £3,250 for any tax year. It will take effect from the current tax year.

If the rental income is more than this amount, homeowners face two choices: they can either pay tax on the excess, without any separate tax relief for allowable expenses, or they can calculate profit from letting a room and pay tax on the profit.

Legal & General is warning those who want to take in lodgers that house contents insurance cover will be restricted because "people staying in short-term rented accomodation do not have the same incentive to take care of the property as the owner does,", according to the company's Rod Young.

Like most insurers, it will withdraw cover for theft unless clear evidence can be given of a break-in. You would not be covered if the lodger stole from you and cover for malicious damage by the lodger would also be removed.

Similarly, if the homeowner had accidental damage cover, this would also be withdrawn, although in most cases Legal & General will refund the remaining cover for the year.

It says that that cover cannot be restored through payment of increased premiums because that would have the effect of endorsing the homeowner's ability to judge who would be a good lodger.

If you are considering renting out a room, you must inform your insurer in order to know how your cover is affected and inform the lodger that his or her possessions are not covered by your home contents policy.

Other sensible measures are to take up references from prospective lodgers and to ask for a deposit to be repayable when they leave. It is also a good idea to use a formal agreement for letting.

■ Lloyds Bank is launching a telephone insurance service from Wednesday. Insurance Direct will provide on-the-spot quotations for buildings and contents insurance. Two policies are available: Value Cover Standard, which offers basic cover and Value Cover Plus which includes accidental damage cover. Premiums are based on postcodes and the number of bedrooms in the house, with contents covered up to a maximum of £30,000 on a replacement-as-new basis. (Freephone 0800-300820).

Scheherazade Daneshkhu

Diary of a Private Investor

Collected thoughts of a financial jackdaw

***Kevin Goldstein-Jackson** on his mania for collecting*

COLLECTING can be fun – and profitable. When I was a small boy I used to hunt through my money, looking for a valuable 1933 penny. I even became the school money-lender, giving up lunch so I could lend my five shillings-per-week dinner money to other pupils.

Interest was levied at a weekly rate and people were encouraged to pay in copper coins, just in case there was a rare coin among them, although I would also accept foreign coins, postage stamps, toys and anything else I thought I could re-sell at a profit or which I felt was worth saving in the hope that it would appreciate in value.

Thus began my fascination for collecting, although (apart from a few postage stamps) I have long since disposed of my schoolboy possessions and I never found a 1933 penny in my change.

The attraction of owning a British 1933 penny was that only seven or eight were ever produced and several are in museums.

In November 1985, at a coin auction held by Spink and Son in London, I achieved my schoolboy dream and acquired a 1933 penny in extremely fine condition. According to one coin collectors' catalogue (not produced by Spink) which I had looked at prior to the auction, a 1933 penny had sold in 1980 for £28,750 and a similar coin, but in extremely fine condition, was supposedly worth £50,000.

I was therefore overjoyed at "only" having to pay £17,250 for my 1933 penny. But a 10 per cent buyer's premium was added to the price, plus VAT on that premium, bringing the total cost to £18,975. It still seemed to represent a good investment – but what do you do with a penny coin?

A rare coin is easy to flee the country with if there is ever an obnoxious government but, unlike a painting, a coin cannot be hung on a wall and it is not exactly beautiful to look at. If I touched it too much with my bare hands I might accidentally scratch it and thus reduce its value, so it had to be kept in a Perspex container. Then, with an increase in burglaries in our area I thought it was best to keep it in a safety-deposit box at a bank.

All this is very boring. I visit my coin about three times a year but the thrill of ownership has rather worn off. I suppose owning a 1933 penny is a bit like climbing Mount Everest – it was an exciting challenge and a thrill to gain the peak, but after that everything else seems a bit disappointing. Fortunately, the coin has increased in value and I am now considering selling it.

Another investment whose attractions have rather dimmed is my wife's title of the Lord of the Manor of Westleton Grange, which I bought for her as a surprise Christmas present in 1986. Westleton Grange is in Suffolk and the title was at one time held by the third Duke of Norfolk, whose niece was Anne Boleyn. Over the years, the title passed to various people, including Sir Harbottle Grimston. In 1955, the title was sold for £350. It was re-sold for £1,025 in 1966 and I acquired it at auction for £7,000.

'Finally, I achieved a schoolboy dream, to own a 1933 penny'

There was considerable interest in such titles in 1987-88 when the average price went to £9,000-£13,000 but prices for ordinary lordships are now back to 1986 levels.

However, one of the attractions of the lordship of Westleton Grange was that it came with a small collection of ancient documents, including the court book of 1669-1777.

I suppose if we lived in Suffolk the lordship would retain some of its appeal but my wife is Chinese and would prefer a simpler title. So she is now considering selling it – either at one of the regular auctions which are held for such titles or by private treaty.

Over the years, my attitude towards collecting has changed. Unless the object concerned is of sentimental value, or pleasant to look at, then I am prepared to sell it.

Sentimental objects include a deceased aunt's medals, including a Royal Victorian Order. Every time I look at it I am reminded of her kindness and how, when I was a young boy she used to regale me with tales of her work at Windsor Castle. I would never part with my aunt's medals.

Nor would I dispose of my own modest collection of white Chinese jade. It is beautiful to look at, and to feel, and the carving is exquisite. Just to hold a delicate carving of a peach – a symbol of long life – is to be filled with a sense of peace and tranquility. That, to me, is worth much more than its increase in value since its purchase.

However, insurance means that valuable items have to be held by the bank.

Larger items, such as paintings and sculptures, which I collect, cannot be kept in a safe. But I only collect modestly-priced works by living artists and the works I own are all easily identifiable and so would be hard to sell by a thief. And who (apart from my wife who bought it) would want a John Bratby portrait of me?

Every year I visit the Royal Academy's Summer Exhibition but in recent years some artists - particularly those accepted for the first time - have been asking rather too much for their work so I have refrained from buying at the exhibition.

Instead, I buy the small, green Royal Academy catalogue which lists all the exhibiting artists' addresses. If I like a particular artist's exhibited work I wait until the euphoria of the exhibition has worn off (usually after six months) and write to the artist concerned asking if he/she has any other works for sale.

The responses are usually encouraging and it is often a real delight to meet them and to see their studios – and quite often their works can be acquired direct at modest prices. It also cuts out hefty commission payments to commercial dealers, some of whom have been known to charge 40 per cent.

Whether anything I have collected will prove to be of tremendous monetary value is probably for a future generation to discover: but for people wanting to make genuinely long-term investments, while gaining pleasures for the eye, collecting works of art has much to recommend it.

BEST RATES FOR YOUR MONEY

	Account	Telephone	Notice/term	Minimum deposit	Rate %	Int. paid
INVESTMENT A/C's and BONDS (Gross)						
Scarborough BS	First Post	0800 590578	Instant	£1,000	10.40%	Yly
Bristol & West BS	Balmoral A/C	031 225 3557	Instant	£25,000	10.90%	Yly
Allied Trust Bank	3 mth notice A/c	071 626 0879	3 month	£2,001	10.90%	Yly
Bath BS	City of Bath	0225 423271	6 month	£40,000	11.25%	Yly
Chelsea BS	Premier A/c III	0800 272505	30.9.94	£10,000	11.75#	Yly
Cheltenham & Gloucester BS	Golden Term Share	0800 717505	4 Year	£25,000	12.25♣	Yly
TESSAs (Tax Free)						
Allied Trust Bank		071 626 0879	5 Year	£9,000	12.68%	Yly
Julian Hodge Bank		0222 220800	5 Year	£20	12.50%	Yly
National Counties BS		0372 742211	5 Year	£3,000	12.00%	Yly
Exeter Bank		0392 50635	5 Year	£250	11.25%	Qly
HIGH INTEREST CHEQUE A/Cs (Gross)						
Caledonian Bank	HICA	031 556 8235	Instant	£1	9.50%	Yly
UDT	Capital Plus	0734 580411	Instant	£1,000	9.40%	Qly
Chelsea BS	Classic Postal	0242 521391	Instant	£5,000	9.75%	Yly
				£10,000	10.00%	Yly
				£25,000	10.50%	Yly
OFFSHORE ACCOUNTS (Gross)						
Woolwich (Guernsey) Ltd	Intl Gross	0481 715735	Instant	£500	9.50%	Yly
Yorkshire Guernsey BS	Key Ninety	0481 719898	90 Day	£50,000	10.75%	Yly
Yorkshire Guernsey BS	Key Term Share	0481 719898	31.8.93	£10,000	11.00♣	OM
				£25,000	11.25♣	OM
				£50,000	11.75♣	OM
GUARANTEED INCOME BONDS (Net)						
Prosperity Life FN		0800 521546	1 Year	£25,000	8.35%	Yly
Financial Assurance FN		081 367 6000	2 Year	£5,000	8.30%	Yly
Liberty Life FN		081 440 8210	3 Year	£25,000	8.40%	Yly
Financial Assurance FN		081 367 6000	4 Year	£5,000	8.25%	Yly
Aetna FN		0800 010575	5 Year	£50,000	8.40%	Yly
NAT SAVINGS A/Cs & BONDS (Gross)						
	Investment A/C		1 Month	£5	8.50%	Yly
	Income Bonds		3 Month	£2,000	9.25%	Mly
	Capital Bonds D		5 Year	£100	10.75F	OM
NAT SAVINGS CERTIFICATES (Tax Free)						
	37th Issue		5 Year	£25	8.00%F	OM
	5th Index Linked		5 Year	£25	4.50%F +Infln	OM
	Childrens Bond B		5 Year	£25	10.9%F	OM

This table covers major banks and Building Societies only. All rates (except Guaranteed Income Bonds) are shown Gross. Fixed = Fixed Rate (All other rates are variable) OM = Interest paid on maturity. N = Net Rate. B = Bond. # = Rate fixed until 1.10.92. ♣ = Rate fixed until 1.8.92. ♣ Rate fixed until 31.8.93.

Source: MONEYFACTS, The Monthly Guide to Investment and Mortgage Rates, Walshams House, Stalham, Norwich. Readers can obtain a complimentary copy by phoning 0692 582808.

FINANCE AND THE FAMILY

Investing in . . . Korea

The frown on the face of the tiger

THE ROAR of South Korea, one of the Far East's four tigers, has been subdued.

Along with Hong Kong, Singapore and Taiwan, South Korea was one of the Far East economic miracles which showed that countries could industrialise on the strength of their exports.

An average 13.6 per cent growth in the volume of exports between 1980 and 1988 led to gross national product growth averaging 9.2 per cent during the same period. The Seoul stock market index had an impressive rise, increasing from 127.3 in 1982 to 909.7 in 1989, according to figures from Goldman Sachs.

Since then the picture has been different. The market hit its lowest level in almost five years last week with the index down to 559 – a drop of more than 40 per cent in the past three years – in spite of the intervention of a government stock market stabilisation fund.

"Korea has been a very sorry market since April 1989," said Michael Watt, investment manager of Touche Remnant's Pacific Investment Trust, which has ranked consistently highly in the Far East excluding Japan sector. The Korea weighting in the fund has been halved since 1989 to only 6 per cent today.

The main problem has been the erosion of South Korea's international competitiveness in the last five years, caused in part by a jump in wages. Industry prospered on cheap labour but, with the introduction of full democracy in 1987, organised labour grew, leading to strikes and pay rises as workers tried to keep up with higher consumer prices and climbing housing costs. Inflationary pressure was fuelled by an expansion of the money supply. The recession in the US, the main export market for Korean goods, did not help.

Nevertheless, the economy is one of the world's fastest expanding, with an expected growth rate of at least 7 per cent this year following a gain of 8.4 per cent in 1991. It still has to bring down inflation – currently about 7 per cent – and to deal with the steep interest rates and a trade deficit of $8.7bn last year.

These obstacles make it difficult for Hugh Young, managing director of Abtrust in Singapore, to be positive about Korea. "The market has a lot of problems with the level of corporate debt. So far this year we've seen 11 quoted bankruptcies. The level of bankruptcies is well up in the hundreds. This is all due to corporate debt levels – a gearing of five to one is not uncommon," he said.

But many fund managers are optimistic and see potential attractions in Korea for the private investor.

Save & Prosper has chosen this month to launch a single country Korea onshore unit trust. Qais Zakaria, manager of the fund said: "We understand the negatives but we are anticipating a pick-up in 1993 based on a recovery in the world market. The Korean market is not attractive now but it is better to launch early in order to pick up stocks cheaply."

Julian Tregoning, director of Save & Prosper, underlined the risks and said the Korea fund would carry a warning that it should only form part of an investment portfolio but, "taking a 10 year view we believe that the Korean economy will be second only to Japan, with China as the unknown factor."

Foreign interest in Korea was stimulated in January and February by the opening of the market to direct foreign investment. This led to a brief rally.

However, Jeremy Hill, chairman of the Schroder Korea Fund, launched last December to take advantage of the new regulations, described the opening of the market as "very disappointing". "By the time the government opened up the market, the economy was in retreat and the stock market had fallen and is still falling," he said.

He too believes the longer term outlook is quite different. "We're bullish looking to a year or so. Korea is tremendously dynamic and the basic economy is strong. Its problems, such as labour shortages are really those of success. In the short term there is a lack of confidence and an overhang of stock in the market which should get worked through with time."

The government is lifting the 10 per cent limit placed on foreign ownership of shares to 25 per cent, and has allowed foreigners to acquire an 8 per cent holding in either Pohang Iron & Steel or Korea Electric Power Corporation. The two companies account for almost 13 per cent of total market capitalisation.

Collective funds, in Korea only or in the Far East as a whole, offer the safest way into the market. Unit trusts had been hampered by regulations until March this year, when the Securities and Investments Board added Korea to its approved securities market for unit trusts, removing the 10 per cent limit on participation in an unapproved market.

Peter Irving, fund manager of Schroder's Korea-Europe investment trust, says: "The arguments in favour of Korea are long term; 1993 and 1994 could be good years if there is a worldwide recovery but 1992 will be unexciting as the stock market digests the implications of a slower economy."

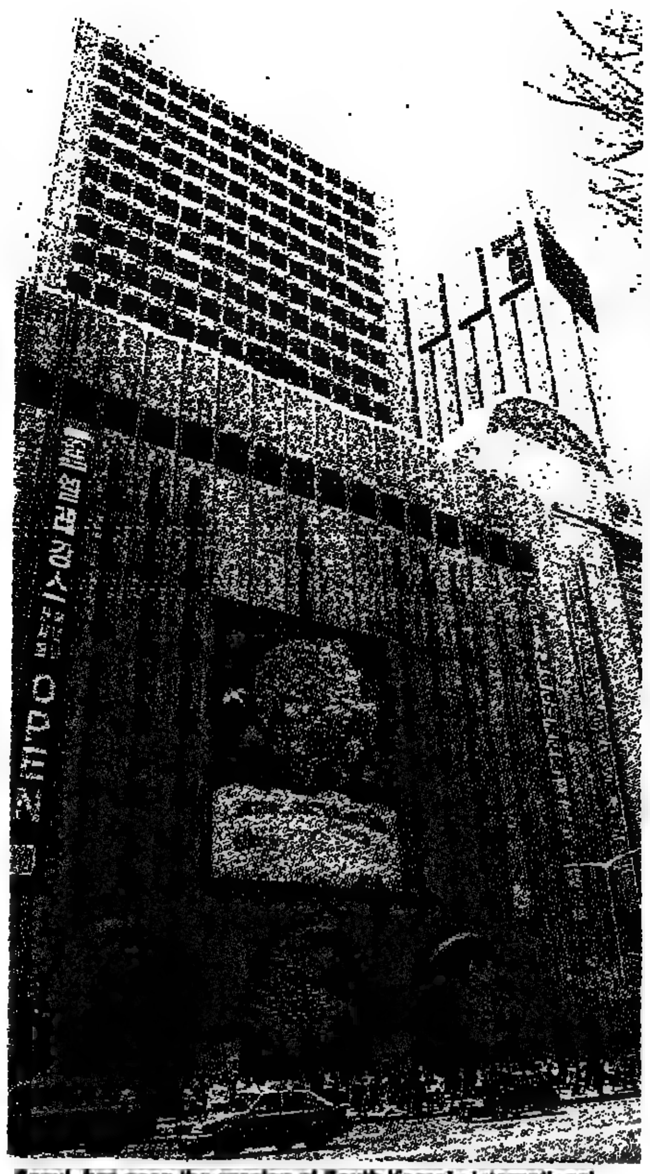
Sectors which are expected to do well are export-oriented, low cost high technology producers, such as Samsung Electronics, which has an international reputation in the semi-conductor business.

Watt also singles out service companies such as Korea Mobile Telephone Corporation. The smaller companies sector, which has performed well over the past 18 months, has fallen out of favour with managers.

Watt says he will be increasing the exposure of the Pacific Investment Trust to Korea later in the year. "Company ratings have come down to sensible levels. The stock market is highly geared, so under the right conditions – a rebound in company profits and a good world economy – the market in Korea could double. That is by no means impossible over three years."

These contingencies make it a market reserved for what he describes as the "highly specialised and affluent investor."

Scheherazade Daneshkhu



Seoul has seen the erosion of South Korea's international competitiveness in the last five years

FACTFILE: Korea

Population 1991	43.27m
Gross Domestic product 1991	£159.92bn
Market capitalisation	£61.5bn
Inflation rate (April 1992)	7.2 per cent
Interest rate (March)	14.7 percent
Exchange rate	£1 = Won 1,497

Capital gains and Polly Peck

I HAVE recently received a Polly Peck International report to the creditors dated May 25 1992 in which it says "confirmation has now been received from the Inland Revenue that PPI shares can be treated as of negligible value from 7 May 1991. Accordingly shareholders may make negligible value claims for the tax year 1991/92."

As I was not informed of this fact before April, I only took £5,500 capital gains from my share sales to keep within the exemption limit. If my loss of £4,000 on PPI must be taken in that tax year I will still not be liable to tax as my gains would be £1,500 of the losses.

If I had been informed before April 1992 I would have taken £9,500 capital gains tax free.

My question is: can I claim that my PPI shares became of negligible value in the tax year 1992/93, thus allowing me to make £9,800 capital gains in the present financial year without being liable to CGT?

If not, I feel that I have been cheated out of using my PPI loss by not being informed before 5 April 1992.

■ It is a pity that you have missed all the published replies about negligible value claims in our columns over the years. You would have known that the answer to your question is "yes", and you would have been spared much anxiety.

On April 1 1993 or the next day or so, (not before April, but in time for your letter to reach the tax office by April 5) you should write to your tax inspector along the following lines:

"In accordance with section 24(2) of the Taxation of Chargeable Gains Act 1992, I claim that the value of my holding of . . . Polly Peck International plc shares has become negligible, namely one penny, and that I should therefore be treated as though I had sold that holding for that sum today, April 1 1993, and had immediately reacquired it for that same sum in circumstances falling outside section 105(1) of that Act.

"Please let me have your decision on this claim within 30 days."

A forced share sale

I WORK for, and hold shares in, an unquoted company. Recently, when I asked to transfer some more of my shares into my wife's name (she already holds a few), the request was turned down simply because I had recently refused to sign a letter stating that should I leave the company for reasons other than retirement or illness, I would offer my share for sale. I consider this an unreasonable restriction.

Thus, as I doubt that I can force the company to register the transfer – can I make some sort of declaration, which would be accepted by the Inland Revenue, that I consider my holding in these shares to be in joint names, thus reducing the taxation burden on the dividends and CGT on any sales?

■ A solicitor could draw up a declaration of trust, saying that you hold certain of the shares in trust for your wife absolutely (not jointly because of the anti-avoidance legislation in the Income and Corporation Taxes Act 1988, as amended), but there may be a problem if you predecease your wife. If you want to pursue this possibility, send the solicitor a copy of a company's memorandum and articles of association, so that he or she can check the restrictions on transfer and any pre-emption rights.

CGT on legacies

A PERSON died two years ago and left a substantial legacy mainly in private company shares – the valuation of which is still under negotiation with the Inland Revenue. Aside from inheritance tax on the estate which as residuary legatee I am liable to pay, are capital gains tax also involved, viz: any gain from a 31 March 1982 base point and whatever the decided valuation is at the person's death on the shares I inherited.

Also, about a year ago, I gave a nephew a small parcel of shares in the same unquoted private company – will I be liable for capital gains tax on these from 1982 or from eight years earlier when I first had them?

■ 1) No: Capital gains tax on death was abolished in 1971.

2) You are deemed to have acquired the shares on the day of the previous shareholder's death, at the value which is ultimately agreed.

Ask your tax office for the following free pamphlets: CGT14 – Capital gains tax: an introduction, CGT16 – Indexation allowance: disposals after 5th April 1988 and IR45 – What happens when someone dies.

Q&A BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Executor's files

MY brother-in-law died in November 1984 and another brother-in-law and I were named executors. My co-executor died in June 1990. I have the complete record of the liquidation of assets and the final distributions which were made according to his will. The benefactors were all family members.

The beneficiaries have gained their inheritances and no query is expected. How necessary/desirable it is for me to continue to hold the records? They are somewhat bulky and I would prefer to dispose of them.

■ We think that you should retain all documentation until at least six years after completion of the administration of the estate. If the final distribution was made in 1985 you could consider disposing of the documents now – otherwise you should wait longer before doing so.

MINDING YOUR OWN BUSINESS

"IT PROBABLY takes an Irishman to build something like this." Well, Sean Dooley-Power is Irish and he has built it.

A curious creature is his creation. As tall as a small house and looking a bit Heath Robinson, like something made by sixth formers for a science competition, the C-MAC amphibian nevertheless incorporates clever technology. It can also transport 36 passengers at 35 miles per hour on land and seven knots on water.

All Dooley-Power now has to do to make a business out of this curious beast is to persuade potential customers to buy the four-wheel-drive machine. So far, the venture, including building the prototype, has absorbed more than £150,000 with no return. "It has felt a bit like the loneliness of the long distance entrepreneur," Dooley-Power says.

Dooley-Power, a 37-year-old business-studies graduate, worked for the Ford motor company, a merchant bank and a property company, married a Jersey woman and moved to the Channel Islands.

A home-catering business provides the family with a regular income but Dooley-Power wanted to be a different kind of entrepreneur. After helping to design and build three old-fashioned amphibians for a Jersey operator he started to plan what he claims is the first significant technical advance in amphibious vehicles since the lorry-based landing craft of the second world war.

"I've taken the concept where it was left back in 1945 and put in modern design criteria, modern survivability demands and modern technology."

Instead of a truck chassis with a propeller, Dooley-Power's tiny company, C-MAC Industries, offers a boat with wheels. It incorporates a 200hp air-cooled engine with power and steering in the water provided by swivelling water jets. There is no direct mechanical drive between the engine and the separate motors on each of the four wheel hubs. So there are no metal components such as a drive shaft to suffer rust under water. The bottom of the amphibian is just a flat box. The company has a patent on a hydraulic mechanism which transfers power from one axle to the other as the vehicle leaves or enters the water, creating greater traction.

So far, so good. But Dooley-Power has been forced to learn some pertinent, if unsurprising, lessons about trying to start a business on the back of a new product. The first lesson was that he had to build the vehicle. "I learnt that you cannot sell a concept off a set of drawings. No one wants to know. I had to make a prototype." This was even though the drawings were made by a proven boat designer, Stan Goldman, whom Dooley-Power met at a boat show.

The second lesson was that on a project like this, the banks will, in unison, turn up their noses. "I wrote to 26 banks and got nowhere. I also tried 3i and they were dismissive. I was naive enough to believe that my commitment to the venture would be good enough. Instead people start thinking of you as a kind of Walter Mitty."

Waiting for his boat to come in: Sean Dooley-Power and his prototype amphibian

Trevor Humphreys

Launching a company with a little 'fringe lunacy'

Nick Garnett meets the creator of the modern amphibious vehicle

The funding for the project, says Dooley-Power, has come from Kevin Leech, head of quoted company ML Laboratories, also a Jersey resident.

The backer has taken a 50 per cent stake in the company in return for funding the £138,000 needed to build a prototype. This money includes all the fees to obtain approval from Lloyd's Register for sea-going vessels and the Department of Transport.

The cost was partly inflated by the need to use sub-contractors. The aluminium-bodied amphibian was constructed by an engineering company in Cornwall. "What that means though is that my fixed overheads are kept down to zero," says Dooley-Power, whose hero is Joe Bamford, founder of JCB, the earth moving machinery manufacturer.

Another lesson he is still learning is that luring customers usually proves a hard slog. Dooley-Power has spent £20,000 of his own money on the project, partly taken up by visiting potential customers overseas.

"We have proved the concept and the vehicle is virtually maintenance free but nevertheless people always ask: 'How many have you sold?'." Possible customers include existing operators of passenger-carrying amphibious vehicles to islands one or two miles from the mainland and operators wanting an amphibious work boat, including oil companies using pipelines in swampy terrain and local authorities faced with oil and algae pollution of ports and beaches. The basic machine will cost £160,000 but a range of different work platforms are offered as well as four-wheel steer.

Dooley-Power says the venture includes an element of "fringe lunacy". Being immersed in it for the past few years has resulted in many a sleepless night. But he is convinced there is a slot for the C-MAC. "It is, though, the ultimate niche market." The machine has taken two years to complete. The next year or two will decide whether it sinks or swims.

■ *C-MAC Industries, PO Box 447, St Helier, Jersey, Channel Islands. Tel: 44-534-44454.*

A stirring tale of Essex enterprise

Suzanne Askham talks to two men who built a successful vending company

SIT BACK. Let me tell you the story of how Gary Klein has made a success of selling millions of cups of coffee, such as the one you are about to drink, to businesses in the Midlands and south-east England.

Thirteen years ago Gary Klein was selling coffee machines for a vending company. He began to think, in the way of would-be entrepreneurs: "Why am I doing this for someone else, when I could be doing it for myself?"

A junior sales colleague, Steven Murray, shared his views. Together they resigned from their jobs and founded Bru-Stir Services.

They planned to provide high-quality coffee products to offices, with the added sweetener of good service.

"And that," says Klein, "is when our problems began."

Initially, they operated from a tiny room in Klein's home in Essex. They borrowed the small capital required – £3,000 – from Klein's mother, and split the ownership of the company 70/30 in Klein's favour, paying themselves little or no salary.

"I wouldn't go to a bank," he explains. "None would lend to me, I believed."

Most of the capital was spent on stock – coffee, creamers, cups – and the two partners proceeded to do what they knew best: selling.

Klein now realises that their sales background led to a peculiar crisis in the first year. "We had intended to sell table-top coffee dispensers (these look like half-sized vending machines), just as we had been doing in our old company, and have a few smaller brewing machines to fall back on for those customers who didn't want to invest in such a big machine.

"But we quickly found we were getting much more business from the coffee brewers, which turned our cashflow projections upside down."

The problem was this: the big machines were supposed to sell for £400, which would bring back cash quickly to Bru-Stir. But the more popular coffee brewers were not being sold, but lent; the idea, borrowed from America, was to let a client have a free brewer for as long as it continued to buy coffee from Bru-Stir.

Although highly popular, it meant that Bru-Stir was spending about £150 per machine, and waiting perhaps 30 months before the coffee sold to supply it, at a profit of £5 per box of coffee, finally paid for the brewer.

The problem got so bad that the two cut their salaries from £100 a week to £50, and Klein borrowed an additional £2,000 from his mother. Ironically, the turnover for the first year up to August 1980 was a healthy £38,800, but the profit was nil.

> *'I don't believe in contract hire and we have never had an overdraft'*

Murray decided to sell his shares back to Klein for a much-needed cash sum of £2,000, but he continued to act as a partner. From this difficult beginning the business grew slowly but sturdily – the machines began to pay from themselves. In 1983, turnover was £131,500.

Bru-Stir moved into a small office in Islington, then a slightly larger one, and, two years later, to bigger premises in Gants Hill, near Ilford, Essex. The 21-year lease with three-yearly rent reviews was going for £3,500, and for this, unusually, Klein approached his bank, National Westminster Bank, for a loan. "We had to sign personal guarantees. It was a real performance."

Staff were being added gradually, first a driver and an office worker, and then more, to a current total of 46. The Gants Hill office proved too small, because Klein's philosophy of organic growth – "the business has to pay for everything – and that includes the fleet of vans and cars, I don't believe in contract hire; and we have never had a bank overdraft" – was finally reaping profits.

In 1985 turnover was £417,000, and in 1986 it reached £782,000. Coffee was making up about 55 per cent of the business, with teas, cups and hygiene products responsible for the rest. From the total, Klein was aiming for a return of at least 30 per cent.

In 1987 turnover passed £1m and Bru-Stir moved to its current spacious property in Dagenham, Essex: 18,000 sq ft plus grounds. In a canny deal, Klein bought the 105-year head lease with 21-year rent reviews for around £140,000 on a bank loan. The company now pays £15,000 a year rent – less than its rates.

Credit control is successfully dealt with in-house, and Bru-Stir is now concentrating on better marketing and advertising, particularly on its own brand of coffee, Noble Tree, which was launched in January this year.

Turnover in 1991 was £2.8m, and the growth looks set to continue. Murray has bought back 10 per cent of the shares. The company has set up an office in Nottingham, taking over a failed concern, and is open to more acquisitions.

"I believe the best thing in a recession is to grow, so you're not too lean when it's over," says Klein. "But we'll never do it by spending more than we can afford. I like to sleep at nights."

He is not the sort to let coffee keep him awake.

■ *Bru-Stir Services, Bru-Stir House, Freshwater Rd, Dagenham, Essex RM8 1RW. Tel: 081-597-2632.*

Computing

Program your life

Robin J Brooker looks at personal information managers

ONE OF the problems of modern life is keeping all the information you require at your fingertips. The Filofax, or personal organiser, was a possible answer to this dilemma. It was portable and it allowed you to make notes, keep a diary and an address book all within one compact booklet. But it had a great failing: it was difficult to cross reference the information.

I found that trying to retrieve the information I needed was a constant headache. And, when re-organising my notes to make it more accessible, invariably one side of the page had notes about one subject and the other had information about some totally unrelated topic. Often I spent hours rearranging the notes rather than using the time productively.

An increasing proportion of the working population now has a computer at its desks, or a portable computer which they carry around. The Filofax is becoming rather passé.

Computer companies make great play of the machines' ability to store massed, structured data. A high proportion of computer software is designed for one of four tasks: word-processing, database management, spreadsheets and accounts. These are fine for manipulating large amounts of data, be it in the form of word-processed documents, complex work sheets for repetitive calculations, or information that can fit into a list structure. Until recently, there has been little for storing, in a usable fashion, the snippets of information we gather day-to-day.

Now, instead of a personal organiser resting on my desk my diary, address book and notepad are kept within the computer. The type of software I use has a generic team of personal information managers or, as acronym assemblers will have it, PIMs. The advantage is the PIMs' ability to search for character strings.

PIMs can search across the whole range of features. If you wrote a note in your diary instead of the notetaker, the PIM will find it for you. Many also offer direct links between diary schedules and notebook text. You may arrange a meeting to discuss a particular proposal and enter it into the diary section. A linked note to that diary entry may contain the agenda for the meeting as well as more detailed information of the proposal.

PIMs are personal tools. They are designed to keep track of an individual's personal store of information. A PIM can be anything from a simple notetaker to a small scale project management package.

People use PIMs in very different ways. Therefore, the term covers software packages which differ widely in the features they offer. Some might switch to a PIM only occasionally and exploit it for little more than jotting down random thoughts and noting telephone calls – others might keep the PIM running all day as the main program they use on their computer. And, where one person may use it to keep a record of his or her activities, another may be using it for managing others.

These diverse uses have led suppliers to two competing strategies. At one end of the spectrum are products which are complex but can be adapted to an individual's particular needs. At the other end are packages deliberately limited in their range of features. The approach of the latter is simplicity of use.

The original PIM, Sidekick – released in 1984 – was a surprising success. It offered users the chance to clear their desks of the paraphernalia of day-to-day life and the ability to call up a diary, notepad, calculator and address list with just a couple of keystrokes while still running the main application. As soon as you had completed the Sidekick task you could drop back to where you left off in the spreadsheet, database or word-processor you were using. Sidekick has had many competitors since – many offering the same facilities – and others which took a rather different formula for the amenities they offered.

In the past couple of years there has been much written in computer journals about the Windows Graphical User Interface (GUI). It has advantages beyond the ease-of-use that is often mooted. These are well demonstrated where the personal information manager is concerned. A PIM works best when it is constantly available.

The Windows environment allows several programs to be available at the same time. On more high-powered computer systems several programs can run at a time – a facility called multi-tasking.

Microsoft Windows also allows graphics which duplicate such things as index cards, calendars and even standard, six-hole, Filofax paper. By offering applications which look similar to their paper-based forebears many software producers hope to increase their market.

Another PIMs platform is the hand-held, or palm-top computer. Though not as powerful as desktop or notebook computers they present a reasonable alternative for lightweight everyday tasks. Most offer some form of note input as well as the all-important searches. Many pocket portables offer easy connection to more powerful desktop machines.

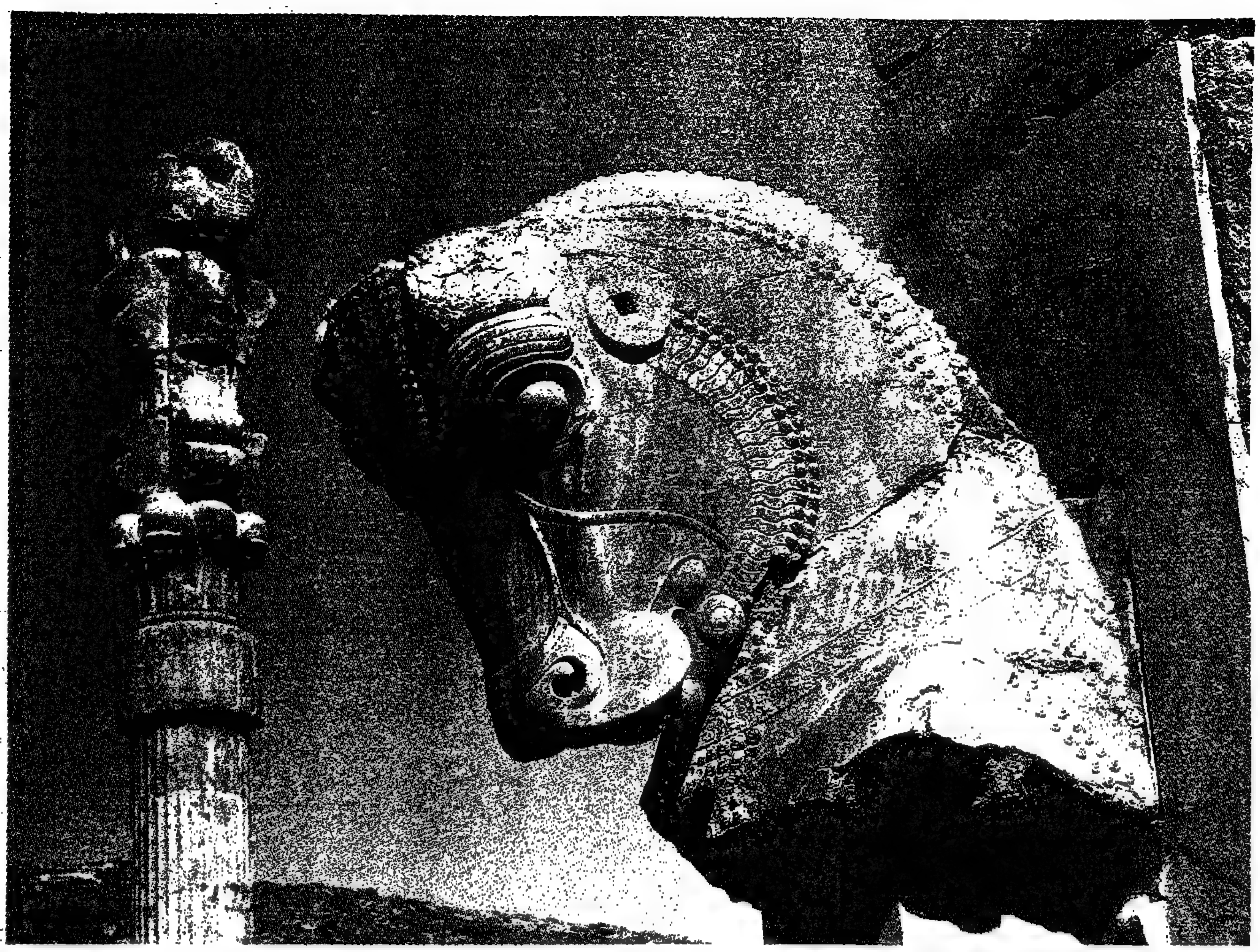
Any personal information manager only works as well as the data it holds. It takes some initial effort to remember to enter each phone call and appointment into the computer. But, once you have overcome this block, it can pay handsome dividends.

Some PIMs work to their best only if they take over your life. Others are quite happy to take advantage of any information given to them. From this it follows that a PIM is not much use unless it does what you want and in the way you want. As with all software the onus is on the user to select the right package.

TRAVEL

The old world of modern Iran

*The sights of Iran are impressive — but does anyone want to go there? **John Westbrooke** reports*



Persepolis: the walls are decorated with neat bas-reliefs as clear and detailed as if they were carved yesterday

IT IS spring in Iran, and you can imagine the poets hymning it. Roses and plum blossom burst out against the dusty hillsides and pale blue skies, while the snow melts into rivulets that combine into streams that water the land.

As you head lower, farmers are ploughing rich brown furrows in the grey soil and scattering seed. Wheat and rice start appearing. Land that looks too poor to raise crops is grazed by sheep and goats, tended by boys with big sticks.

Way down in south Iran, by the Gulf, the herds are heading higher as the weather warms, with Kashgai nomads in attendance. Real nomads do not lead the sheep but follow them, their possessions bundled on donkeys. We saw a rare sight, a brightly-clad group riding camels; but today's preferred beast of burden for the Kashgai is a Toyota pickup.

People have been travelling these roads, between east and west, for ever. On the plain at Pasargadae, near modern Shiraz, Cyrus the Great overthrew his Medean grandfather in 550 BC, the first step on the way to building the first Persian empire. He beat Croesus of Lydia, who was promised by the oracle at Delphi that if he went to battle he would destroy a great empire (Croesus did, only to find it was his own empire).

Cyrus also conquered Babylon and earned everyone's admiration for his generosity: he restored the old gods, encouraged religious and cultural tolerance, and won glowing mention in the Bible for sending the Jews home after their long exile.

Here, at Pasargadae, he was buried in a small, stepped building which looks as if he was imitating the pyramids but had not realised the size of them. Alexander the Great, another admirer although he spent much of his career fighting the Persians, executed the underling who looted the tomb.

Cyrus's successor-but-one, Darius, moved his palaces to Persepolis and Susa — proper, walled, defensible cities, whereas Pasargadae was a nomad camp in stone. The walls at Persepolis are decorated with neat *bas-reliefs*, as clear and detailed as if they were carved yesterday, of long-gone subject peoples bringing him tribute: Arachosians with goblets, Gandarians with bison, Sagartians with a horse.

They had to prostrate themselves before the King of Kings; if they so much as touched the royal carpet they were put to death. The Greeks were disgusted by this oriental pomp, and Alexander burnt the palace after capturing it.

Along the same roads, though, is the evidence that the Persians rose again under the Sassanian dynasty. In 260 AD, King Shapur captured the Roman emperor Valerian, and wanted everyone to know it. By Darius's tomb near Persepolis, and at other prestige sites throughout Iran, are sturdy rock carvings showing him humbling the hapless Roman. When Valerian died, Shapur had him stuffed with straw and mounted in a temple, to keep alive the memory of his victory.

Other Sassanians appear in similar self-advertisements, unhorsing opponents in battle or being crowned by their chief god, Ahura Mazda — impressive, inelegant stuff that *has* lasted through the ages, as it was meant to.

The following millennium of rule by Arabs, Seljuks, Mongols and Timurids left monuments everywhere, pavilions and gardens and poets' tombs, but above all in Isfahan, capital of the 16th-century Safavid kings. There are bridges across the Zayandeh Rud river, one with 33 neat arches, another with steps on the downstream side, where people sit in the sun on their day off, supping a sort of ice cream made of rice powder and lemon sauce (unexpectedly refreshing), and women, swathed from head to toe in the standard black chadors, cruise round in pedalos.

Above all, Isfahan has mosques, with the bluest domes this side of Samarkand. On the main Friday Mosque, the delicate 15th-century tilework hides an older maze of brick pillars, arches and cupolas, which seems to have just accumulated over the years.

On what used to be the Royal Mosque, and is now the Imam's Mosque, the decoration is total. Four huge, arched rooms open on to a central courtyard, and every one of them is awash, inside and out, with tiles, swirling foliage patterns, geometric decorations and angular calligraphy.

Scholars grumble that this is all over the top, decadent, a rush job begun in 1611 by the Great Sophy — Shah Abbas — to complete one end of the city's great rectangular open space, the Maidan (which has smaller buildings in the middle of the other sides, and two storeys of arches in between, and is anyway so big you hardly know it is there).

Maybe. But I defy anyone to walk into this mosque and not be dazzled by the overwhelming luxuriance of it all.

All this magnificence, though, raises the question of whether anyone is going to go to Iran to see it. Its sights, natural and man-made, are as exciting as those of, say, Mexico; but a decade of religious rule and Gulf war have left Iran looking like a bad risk. Foreigners are, at best, trickling back.

Understandably so. Our hotel in Tehran bore the words *DOWN WITH THE USA* in letters a yard high over its front door; this was only partly offset by the amusement park over the road with Mickey Mouse painted on the walls. Like the French at Eurodisney, the Iranians are half-fascinated, half-repelled by the Great Satan and his mouse familiar.

For all that, the people seem friendly. Children gawp and grin and say hello, but unlike their counterparts in much of the Third World they do not demand pens, sweets or money (yet). Some women were as eager to photograph us as we were to photograph them. Anyone who speaks English will probably try it on you.

Modern Iran has not, to be honest, many monuments to recommend it. Villages are poor, mud-brick things. You can visit the ousted Shah's estate in Tehran, gracelessly decorated; there was once a statue of him there but only the boots, a yard high, are left. (The fabulous Peacock Throne, however, is to go on public show again). Khomeini's tomb, also in Tehran, is the main contemporary shrine: still unfinished, it looks like the Pompidou centre inside, all its service ducts exposed.

There is no alcohol, and not much night life either, but you could try one of the Houses of Strength, gymnasiums in which brawny young men work out in unison while a leader plays a drum and chants the Shahnama, the Persian national epic poem. It makes for an odd mixture of aerobics, juggling, weight-lifting, dervish-whirling and recitation. At the end, the owner thanks all his visitors from Inglestan and wishes them a safe trip home.

■ *John Westbrooke* travelled with Jasmin Tours. Tel: (0628)-531121. There have been no guidebooks for 20 years, although Lonely Planet has one in the works. The old ones are wildly enthusiastic about how progressive and popular the Shah was; Nagel's is the best of them. Bureaux de change and film are often unavailable. Take a universal bathplug, a headscarf (if female), a taste for rice, and some patience: Iranians are re-adjusting only slowly to tourists.

As they say in Europe

Mitterrand de Bergerac

AMONG THE many events of European nostalgia week was President Mitterrand's visit to Sarajevo on the anniversary of the assassination of Archduke Franz-Ferdinand.

Fortunately he survived it, but in going to the Bosnian capital when he did, he managed to destroy a tradition rather than recall one. It was the German financial daily, *Handelsblatt*, that hit the nail on the head. "This demonstrative gesture underlines the fundamental change in a hundred years of French Balkan policy. Mitterrand rebuffed the Serbs whom France has supported for decades."

It concluded that Bonn and Paris now stood shoulder to shoulder on the Yugoslav question. There is a substantial body of feeling in the German financial community, and which is reflected in the editorial politics of *Handelsblatt*, that holds that Germany has danced to a French tune for far too long. Clearly things have now changed.

The view elsewhere was that French foreign policy seemed to be returning to what was hailed universally as panache and audacity. The Dutch paper, *De Volkskrant*, cried: "Hero Mitterrand in Sarajevo visit." In France itself, however, there was self-doubt.

Sud-Ouest wrote, "Everybody, from his soul and his conscience, will admire Francois Mitterrand's gesture, for his 'courage,' as our British neighbours say, with that touch of irony which hints at the Gallic limitations of the enterprise."

The business paper, *Tribune de l'Expansion*, said: "There is Cyrano [de Bergerac] in all this. Abroad surprise outweighs admiration. Our European partners can rightly wonder at an initiative taken in a full summit without the slightest concentration."

This is all a far cry from the not so distant past when any French initiative would be greeted with Gaullist slogans about France fulfilling her "noble, global destiny" (it sounds better in French.)

So if Mitterrand was trying to recreate the past the attempt failed and to many it merely provided evidence of how France had changed, not how she had remained faithful to her traditions. To others it seemed a quixotic gesture, almost irrelevant to the dreary world of concentration and harmonisation in which western Europe lives today.

Struggling against this windmill was John Major. He gave an interview to *Le Monde* on the occasion of the Lisbon Summit, British presidency et al, that attracted no interest in Britain but was a rather skilful operation designed to win friends and influence people in France.

He at least was not prepared to relinquish the realities of the old Europe and he set about asserting the principles of a Europe of Nations. So there came this passage: "Look: no nation is more involved in the Community than is France or Germany. Are the French any less French than they were 50 years ago? Certainly not! *Are the Germans any less German than 50 years ago? Certainly not!*" (My italics).

This is taking a taste for tradition too far, I feel. Most Europeans would hope that the Germans had changed a bit since 1942. That, after all, is what the European Community is for.

Major also thought the British were just as British as they were then, which may well be true. But by and large his country is not regarded as a lone defender of civilised values these days, last month's images from Sweden of bad English football and worse supporters have helped build up a picture that is somewhat at odds with the traditional English view of themselves.

So the headline that appeared in *Dagens Nyheter* of Stockholm looked strange: "Major loses battle for Sweden."

In fact it turned out to be the Swedish view of the Lisbon Summit which, apparently, was largely devoted to Swedish membership of the Community and which will not come as soon as many Swedes would like.

The lesson from the Rotterdam paper, *NRC-Handelsblad*, was that the past was past and it is no use repining. An editorial headed "The strawberry dilemma" began irresistibly: "Strawberries, those little kings of summer wrested from the cold earth, are undermining Dutch labour ordinances."

Once upon a time, 18,000 workers were recruited by the employment offices to work as seasonal labourers in the strawberry fields of Limburg. This year 30 turned up. The same crisis has hit the asparagus crop too.

The trouble is that the rate for the job in the fields is lower than the current level of unemployment benefit. So now there are thousands of Poles queueing up to do the work and turn their guilders into millions of zloties.

But the paper continues, "Poles are ready to pluck the strawberries and store the asparagus but that cannot happen so long as the Minister of Social Affairs says there are Dutch workers available to do the job." But they will not do it, so the strawberries rot.

The paper concluded there were two solutions, one involved cutting the dole, which was impossible, the other — getting the Poles to do the work.

"But why should the Poles trek to Limburg in grotty buses and pay commission to middle men?" The answer is to grow the strawberries and asparagus on the plains of central Europe instead of in the Netherlands.

So this is the future for the new Europe. Politicians and industries can go to the east, but the east must stay firmly where it is.

■ *James Morgan is economics correspondent of the BBC World Service.*

Robin Lane Fox visits designer David Hicks' garden where highly-trained trees keep to the straight and narrow

Olympic Basketball/**Patrick Harverson**

The selling of an American dream

LIKE AN avalanche, the selling of the US Olympic basketball team threatens to bury America's coverage of this summer's Barcelona games under a mountain of hype.

It is still three weeks to the Olympic opening ceremony, so Americans have yet to acquaint themselves with most of the sprinters, swimmers and cyclists going to Barcelona. The same cannot be said of the basketball players. It has been impossible these past six months to escape the deluge of publicity about the 12 superstars chosen to go for gold in Barcelona.

During the recent professional basketball championship playoffs, the NBC network, which is televising the Olympics, filled its coverage with advertisements, interviews, flattering profiles and punditry about what everyone is inevitably calling the "Dream Team."

The hype has included a truly offensive cartoon showing mountainous US players stomping all over puny foreign opponents, jokey interviews with team members (including one, Charles Barkley, who said: "We better win the gold medal, or else we won't get any more endorsement deals"), and endless paeans to the achievements of the stars such as Earvin "Magic" Johnson and Michael "Air" Jordan.

There have also been acres of coverage in the press, and a blitz of advertising by the team's 13 official corporate sponsors (among them McDonald's, Quaker Oats and Visa) which between them will spend $40m (£21m) boasting about their connection to USA Basketball. Millions more will be spent by the makers of the sneakers and sports clothing the players wear.

There has been little mention of the opponents the US may face, or of the Dream Team's chances of success. This is because it is painfully obvious that the US will walk away with the gold medal, no matter who they play.

In the past, the US has sent university players to the Olympics, where they have usually won (nine golds out of 11 so far) with relative ease. In 1989, however, the International Basketball Federation (FIBA) voted overwhelmingly to allow professionals into the Olympics. The idea was to improve the standards of world basketball by allowing everyone to compete against the best, yet it was accepted at the time that it would be years – decades, probably – before any country matched the US depth of talent.

The Olympics will show just how wide the gulf is. In the last five Olympics in which the US has competed, it has won 37 of 39 games. And that was with college players, not the thoroughbreds who will play in Barcelona.

As Michael Jordan said to Playboy magazine recently: "When you look at the talent and the teams we're supposed to play against, it's a massacre. It should never be close . . . Who's going to beat us? The Japanese? The Chinese?"

Unlike other Olympic sports, where selections are made just before the games to ensure the competitors chosen are those in the best form, the US basketball team was named last September. The early start provided lots of time to hype the Dream Team.

'It's a massacre. It should never be close. Who's going to beat us? The Japanese? The Chinese?'

This was especially important to NBC, which paid $401m for the rights to show the Barcelona games. At a time when sports has been bad business for TV, NBC knows that the US basketball team will be the most popular draw this summer.

The NBA – the most successful marketing organisation in world sport – also stands to benefit greatly from the Dream Team. By cranking up the publicity so early, it can spread more of the basketball gospel around the globe.

The glamorous US team will also help sell more of the merchandise that each year brings in hundreds of millions of dollars to the NBA and its teams. As the president of the NBA sponsorship and licensing agency said recently: "This will be the most concentrated marketing exposure any national governing board has ever received, for any sport." If the early choice of the squad was to give the hype-merchants a head start, the selection of the players was also designed to make the job of the salesmen easier.

By any measure, it was the most marketable – not necessarily the most in-form – players who were picked.

This explains why the US will be represented this summer by Magic Johnson, who had retired from basketball because he has the HIV virus, and Larry Bird, an ageing superstar whose bad back restricted him to a few largely ineffectual appearances late in the season.

While the two have contributed hugely to the popularity of basketball in the US, neither can remotely be described as among the best dozen current US players. But both were obvious choices, on sentimental, as well as commercial, grounds.

Even the selection of the token college player smacked of expediency. Instead of picking the outstanding performer in the college game, Shaquille O'Neal of Louisiana State University, the selectors chose Christian Laettner of Duke University. In a squad already dominated by black players, the colour of Laettner's skin (white) may have had more to do with his selection than his skill, which is considerable, but some way short of O'Neal's.

Laettner, however, is just a member of the chorus line, as are most of the others in the squad. The star, and the player the NBA hopes will sell basketball to the world, is Michael Jordan, the most charismatic athlete in US sport.

Like everyone else, Jordan knows what the Olympics mean to the bottom line. Initially reluctant to give up his normal summer routine of all-day golf, Jordan eventually agreed to join the team, no doubt aware that his presence in Barcelona could prove rewarding financially. This year he is expected to earn about $13m from corporate endorsement deals. This is a conservative estimate. Include his involvement in the Olympics and the attendant worldwide exposure, and Jordan's earnings could rocket.

Not surprisingly, everyone involved is hoping Jordan remains in good health. As New York Times columnist George Vecsey wrote in a report on a recent NBA playoff match: "When Jordan tripped on a photographer and hobbled back on to the court with a sprained ankle, one could smell the fear from the network (NBC), the league (NBA) and the International Olympic Committee, for whom he is the ultimate meal ticket."

The key to why the NBA, NBC and the corporate sponsors riding the basketball bandwagon so love the Dream Team is summed up in two words dear to any businessman's heart: *success guaranteed.*

The US is going to win. Everyone knows it. Even better, the US is going to be seen thrashing the best the world can put up. For a country that is deeply unsure of itself, Olympic basketball will offer a comforting display of US might. As one television commentator put it after the Dream Team's ludicrous 79-point win over Cuba in the regional qualifying round: "Those who loved Grenada would love this."

On the international airwaves: Michael Jordan, the star of the US team

Wimbledon/**John Barrett**

The mind of Seles vs the body of Graf

TODAY'S singles final at Wimbledon between the top two women's seeds is the perfect climax to an absorbing fortnight. Monica Seles, 18, of Yugoslavia, the world champion, faces Steffi Graf, the 23-year-old German who is the Wimbledon title-holder and was her predecessor as world No 1.

It is a battle for the world's premier title between the holder of the Australian, French and US Open titles (Seles) and the golden grand slam girl of 1988 – the two women who have dominated the world scene since the eclipse of Martina Navratilova and the retirement of Chris Evert.

Graf has won five of her eight meetings against Seles, including a 6-0 6-1 fourth round victory at Wimbledon in 1990. But Seles was a frail 15-year-old then, a matchstick, all arms and legs, who had just given Graf the scare of her life in a thrilling three-set semi-final in the French championship.

I well remember that day in Paris, and could see what Steffi's father, Peter, had meant when telling me three years earlier: "I have seen a young Yugoslav kid called Seles who hits the ball with two hands both sides – she will be the one to beat."

In those days, Monica was training under Nick Bollettieri at the American's academy in Florida. Bollettieri realised that too much competition would impose too great a strain on the growing girl and encouraged Monica to perfect her early-ball attacking ground strokes in long sessions on the practice court. When Graf again beat Seles in the Brighton final at the end of 1989, a narrow 7-5 6-4 win on a fast indoor carpet, it had become apparent that the double-handed teenager hit the ball harder than any of the other leading players.

The following March, the family left Bollettieri because, they felt, he was spending too much time with his other star pupil, Andre Agassi. Monica's cartoonist father, Karoly, again became Monica's coach.

By May 1990, Seles needed no inducements to fire her ambitions. She had grown a full 5 ins in 12 months and now, much stronger, was covering the court with greater speed. In Berlin she beat Graf for the first time and repeated the feat a few weeks later in Paris to win her first grand slam title.

Last year, Graf enjoyed two successes against Seles – on hard courts in San Antonio and on clay in Hamburg – as the two of them swapped the No 1 ranking five times. Their rivalry was growing as the younger player finally usurped Steffi's position in September by winning her first US Open crown. Four months later Seles increased her lead in ranking points by claiming a second Australian title in a tournament Graf was forced to miss because of illness.

As a result, their showdown in the French final last month was more than routine. It was Graf's chance to prove that she had regained her full powers after suffering from the effects of prolonged family problems surrounding her father's private life.

What a match it was. The first set went to Seles in a whirlwind of powerful two-fisted driving; the second to Graf as the German raised the level of her counter-hitting. As the fluctuating 18-game final set built towards its tail-twisting climax, with both players responding magnificently to ever greater challenges, it became apparent that we were watching a battle between two intense personalities, neither of whom could bear to admit defeat.

Four times Seles was denied her win as Graf saved match points in the ninth game. Twice Seles had to hold serve to keep her hopes alive as Graf surged ahead 6-5 and 7-6. Then, when Seles at last broke Graf again to lead 8-7, her own serve was ruthlessly dismantled by an opponent who found a new level of ground stroke aggression.

Immediately Seles broke again with a grunting ferocity that was almost frightening, and then served out to retain the title she held since first beating Graf two years earlier.

Today, then, is a very special occasion. Graf is still smarting from the Paris defeat (which she refuses to discuss), and secretly believes that on grass she can at last lay the Seles ghost that her father had seen creeping up on their ambitions all those years ago.

Graf's performance in beating Gabriela Sabatini in Thursday's semi-final was impressive, light-years ahead of her stuttering win against the same opponent in last year's final. Improved serving was the key. By creating momentum at the start of the point, Steffi was able to fire her famous forehand into the corners and could launch some well prepared net attacks.

She has her Swiss coach, Heinz Gunthardt, to thank for restoring sorely-needed confidence in these crucial areas of her game. Seles, too, came through her semi-final test with flying colours. In beating the nine-times champion, Martina Navratilova, 6-2 6-7 6-4, Seles demolished the doubts about her ability to cope with a rampant volleyer on fast grass.

'Graf is undoubtedly the finest natural athlete in the game, while Seles has the sharpest mind'

Her return of serve was the key to her success because it never allowed Navratilova to dominate in the forecourt. Her own serve, too, though not as efficient as it had been in helping her through five matches without the loss of a set, still presented problems, and her clinical despatch of mid-court balls was as ruthless as ever.

In the tense closing stages the younger player's remarkable coolness and her courage in going for risky winners turned the tables. The firmer courts this year have provided a higher bounce than usual and make it possible for the ground stroke artists to hold their own against the power servers, as Andre Agassi has proved along with Seles.

It should be a fascinating confrontation. Graf is undoubtedly the finest natural athlete in the game, while Seles has the sharpest mind. All will depend on their ability to produce their best shots when it really matters. Seles will attempt to apply the pressure on service return and from mid-court. Graf will try to unleash her deadly forehand.

But unless Graf can keep her serves and drives really deep she will be out-hit by the fiercest ground strokes the women's game has seen. Fasten your seat belts. We could be in for a bumpy ride.

Olympic equestrianism/**Keith Wheatley**

King William and Mary

LITHE, loose-limbed and brave. "Forward-going," the horsey crowd would say. One could apply the words equally to Mary Thompson or King William, the chestnut gelding who carried her to victory in this year's Badminton three-day event. Thompson's place in the British equestrian team for Barcelona will be announced on Tuesday, and she is itching to get to Spain.

"I am just *so* looking forward to it. Can't wait. It's been my ambition to ride in the Olympics as long as I can remember," she said, sitting tanned and T-shirted in the garden of her parents' home on the Devon-Dorset borders. "Badminton is the top of the tree for an eventer but the Olympics has other magic."

Thompson is still refreshingly besotted with her sport. "When you're riding cross-country, totally at one with your horse, who's going boldly and quickly around a big track, the thrill is amazing," she says. "Powering on towards the next fence with his ears right back. Nothing touches it."

Eventing can be as dangerous as motor racing. Does she get frightened? "Only of spiders. I'm not too bad for nerves. My mother is a very calm, relaxed woman and I think I've inherited an inner calmness from her," says Thompson. She lives in the family home, a modest cottage, rent-free with her father's part-time work as church verger.

The village is as sleepy and pretty as any in England, a world away from the equine intensity of Newmarket or Lambourn. The Thompson yard, complete with hanging baskets, is a five-minute walk away. Half-a-dozen eventers, including King William, are trained there by Mary and two women grooms.

"I love these hills," she says. "I've lived here since I was three. I don't think I'd know how to get a horse fit on level ground. Whichever way you go from the stables you go up or down 600 ft." If a horse is balking at water-jumps he spends time splashing around in the River Sid.

Thompson's family are neither horsey nor affluent, two usual precursors of success in eventing. Her first riding was on a pony borrowed from the vicar and it was only after Mary started to shine in local pony club events that they scraped up the money to buy a horse.

"Mum and Dad haven't got any money and I so much wanted to event after I left school but it just didn't seem possible. I rented the stable we now have and did all kinds of jobs just to pay for it. I took in livery horses, did a butcher's round. Hoovered old people's houses and cleaned the local campsite loos. I even taught riding, although I now avoid it like the plague. I can't seem to get people to understand me although I'll happily school horses all day long."

One thread in her success is an eye for a horse. She spotted King William, a raw five-year-old with no known breeding line, and said: "That's the one for me." She was offered £120,000 for "Willie" before Badminton. That was more than any event horse has sold for. He must now be worth much more.

Beyond price is the relationship between horse and rider. Equestrianism is unique in the Olympics because the athlete depends on another sentient being. There is no comparison with the role of a professional jockey who may jet in from another continent to ride a horse he has never seen before.

"The link between horse and rider in eventing takes years to build up. It is simply total trust. He knows what you're thinking and vice versa," says Thompson. "He has to believe that the rider will only put him in a situation that it's possible to get through. At that stage they will do anything for you."

She is 31, though she professes to feeling older after the stress of Badminton. She led through the initial dressage section and had the two fastest times around the slippery cross-country course, but had a nerve-racking finale in the show-jumping. King William took exception to the waterfall in the arena and Thomson had trouble directing him. His hooves tapped many of the poles and it was a shaky finish.

"So often with bold and strong cross-country horses their show-jumping isn't careful enough," says Thomson, who admits to disliking the discipline. "Willie does seem to be improving a bit, thank goodness. He is also becoming very good indeed at dressage, which I like."

The X-factor for equestrians at the Olympics is that this is primarily a team event. The four riders in each team must put rivalries behind them and go for team points. "You'll be riding to orders," says Thomson, "The first person out is usually asked to ride conservatively and that means you probably forfeit your chance of an individual medal.

"But this is one of the few sports where competitors all share information anyway. When you've come back from doing the track at Badminton, you'd instinctively tell the other riders where the problems are, or if there is a pothole at the waterjump. Perhaps it's trying to minimise the danger."

In Seoul, the British team took silver. This time they are favourites for gold. Thomson's strong voice trails away. She is so excited just going to Barcelona that she doesn't want to think about winning.

Motoring / **Stuart Marshall**

Romeo stoops to conquer

ALFA ROMEO, having peered into the abyss, is feeling confident about making a comeback in Britain.

The new 155, which went on sale this week, has the ingredients of success.

It looks, goes and even sounds like a proper Alfa Romeo.

Starting with the traditional shield-shaped air intake, the 4-door body rises like a wedge to a high boot lid. Aerodynamic efficiency is claimed to be among the best in class and, hard lessons having been learned, corrosion resistance has been built in.

Two engines are offered; the twin overhead camshaft, two plugs per cylinder Twin Spark in-line four and a V6. The Twin Sparks come in 1.8 litre, 129 horsepower and 2.0-litre, 143 horsepower versions. The 2.5-litre, 166 horsepower V6 has been developed from the 3-litre engine used in the big Alfa 164.

They are transversly mounted, driving the front wheels through a 5-speed gearbox. Italian males being what they are, Alfa Romeo does not even offer an automatic alternative. A turbocharged four-wheel drive 155, with left hand steering only, joins the range in the autumn.

Pricing looks almost predatorily keen. All 155s have power steering, electric front windows and sunroof, central locking and headlamp wash.

The 1.8 is listed at £13,700. Even the V6, complete with ABS brakes, alloy wheels, climate control, power adjusted and heated front seats and exterior mirrors, is under the £19,250 tax band at £19,050. A similarly equipped 2.0-litre Lusso is £17,650.

Alfa Romeo is looking for conquest sales, mainly among under-40 year old males.

It thinks the 1.8 Twin Spark could seduce present business users of Vauxhall Cavaliers and Peugeot 405s. The 2.0-litre Twin Spark models (£15,100 and £17,650) are seen as alternatives to the Audi 100, the top of the range Nissan Primera and BMW 320i. And for the V6, Alfa Romeo has the Rover 800 and Mercedes 190E in its sights.

A few days ago I drove a 2.0-litre Twin Spark and a V6 for over 300 miles (500 kms) in Scotland. The roads varied from the M8 to narrow single tracks with passing places on the remote Ardnamurchan peninsula.

Of the two cars, I preferred the 2.0-litre Twin Spark. True, it had less muscle than the V6. But it rode much better on its soft, quiet and shock absorbing Goodyear NCT2 tyres than the V6, sportily shod with lower profile, higher speed-rated Pirelli P700s.

Allowed to spin freely on the gears, the Twin Spark's 4-cylinder engine growled satisfyingly. The V6's exhaust note was just as authentically Alfa Romeo. Though it would pull happily enough in traffic at low revolutions in high gear, it enjoyed being given its head.

What can one say of performance nowadays without perjuring oneself or putting one's head in the noose? Alfa Romeo claims, I am sure correctly, top speeds of 128 mph (206 kph) and 0-60 mph (0-96 kph) acceleration of 9.3 seconds for the 2.0-litre, 134 mph (216 kph) and 8.4 seconds for the V6.

I found both cars nimble, well mannered and – can one say this of a machine? – enthusiastic.

Being tall, I have never been happy with the driving position in Alfa Romeos of the past. The new 155 is no different. Alfa man is still reckoned to be as long armed and short legged as a chimpanzee. With the well shaped and pleasantly soft seat back as far as it would go, my right foot was still bent at an acute angle though my arms were almost straight. But drivers under 5ft 10 in (178 cm) tall are less likely to complain.

Spain: luxury villa or empty peasant homes

Audrey Powell on properties for all tastes and all pockets

MANY visiting Spain for the Barcelona Olympics (July 25 to August 9) or Expo '92 in Seville (until October 12) will combine these events with a holiday and see more of the country.

Plenty will use Spain's new EC-funded motorways linking its Mediterranean resorts — and find the road journey much safer and more enjoyable than it used to be. Some, tired of crowds, may explore the inland areas. After all, there are 197,000 square miles of the country, with a population of only 38m spread around it. A number may consider Spain for a second home. There are plenty of smart new buildings and cut-price resales.

Some may want to view the results of the much-publicised activities of the mayor of Marbella, Jesus Gil y Gil, in cleaning up the town, tearing down buildings and planting hundreds of palm trees along the roads, at £1,000 a time.

Stories of his television interviews, given in a jacuzzi while wearing his chain of office, do nothing to spoil the legend and may help sell apartments being built by his company, on a plot running down to the Marbella waterfront.

Los Cipreses del Mar consists of three blocks in the centre of the town. One white marble confection has a vast marble and smoked mirror foyer. Security is tight and seems to be run entirely by computers. There are pools, garage, restaurant. Every apartment has a hi-fi system. The prices of the balconied flats range from £300,000 to £1m.

A more relaxed development is the Marina Puente Romano apartments adjacent to the Puente Romano hotel. There are 234 units in three groups. Prices start at £139,000 for a two-bedroom apartment. A duplex-penthouse with its own pool could be £700,000.

Such projects tend to be targeted at a specific market. This would suit tennis buffs. It has 11 tennis courts and is next to the Manolo Santana tennis club and buyers get free life-membership of the club.

In the hills nine miles from Marbella, 400 plots are for sale in La Zagaleta country club. Buyers will be able to build detached houses, and play golf on an 18-hole course. There is riding, tennis, swimming, a heliport and a club house, with lounges, bars, restaurants, glittering disco and a pavilion suitable for large-scale entertaining.

The 2,000-acre estate was owned by Adnan Khashoggi, the arms dealer. The sumptuously furnished clubhouse was one of his many homes. It is now in the hands of the Spanish bank which repossessed it.

Hamptons International has just opened in Marbella, working with established agent Barry Randal-Williams (London tel 071-493-0222; Marbella tel 861-909). These three projects are on its books.

Along the coast, Bovis Abroad is having a sale. It is offering properties at La Manga club, near Cartagena (a long-established golfing and holiday resort), at prices reduced by up to 25 per cent.

A one-bedroom flat is available at £36,900; a two-bedroom villa with pool, at £105,000. "These are odds and ends we have left over," says sales director Charles Weston-Baker. (Bovis, London Tel 081-422-3488).

Above Alicante is Denia, a typical small Spanish resort. It is a cheerful venue for package holidays in summer, when its population swells from 28,000 to 150,000. On the edge of the town, looking into the hills, Bovis has a compact development of terrace houses and flats. There are two swimming pools. Prices start at £50,000 for a two-bedroom house or flat. Expected high-season rentals: from £1,300 a month.

A glut of apartments in and around Barcelona will be on sale once the Olympics are over and advance offers are being sought.

There are stories about blocks of flats in the city collapsing because of defective cement. Britain's Building Research establishment was consulted by Spanish authorities about this problem. Shaun Pilgrem, an architect with British and Spanish qualifications practising in Barcelona, says the stories are true, but the problem is localised and the authorities are dealing with it. Others in the property world are less sure. Clearly professional vetting of a property there would be wise.

What of Spain's little known regions? South of Seville there is the coast on either side of Cadiz, the Costa de la Luz.

Seaside development: Los Cipreses del Mar in Marbella where properties range from £300,000 to £1m

Home seekers might look at the estate of Atlanterra 90 minutes from Gibraltar overlooking the largely deserted silver Atlantic beaches. Civilisation in this southernmost tip of Europe is represented by the village of Sahara de los Atunes, which boasts a four star hotel. Adjoining it is the office of Ignacio Silva, who speaks English and handles sales for the Atlanterra estate (tel 43-91-51). Normally, he says, the minimum total price for a plot and a house built to your requirements is £240,000.

But there is one house available, right on the beach. The living room opens on to the garden, swimming pool and sands. There are two bedrooms and bathrooms in the house and two in a separate guest section. The property is £682,500.

The holiday home hunter in a different price bracket might usefully explore the rural villages inland from the Mediterranean coast. Many, like similar areas in France and Italy, are becoming ruins as the young people leave for the towns.

In his Overseas Homebuyer's Handbook, property expert Geoffrey Pilgrem explains that few agents bother to offer such property partly because prices are so low that it is not worth their trouble. In some areas whole villages have been abandoned. Pilgrem suggests the valley and lake region south west of Andorra.

He warns that there might be difficulties acquiring such a rural home and "one needs one's hand firmly held." Some people might see the abandoned villages as "spooky." He sees the area as "quite magical."

One British agency that specialises in this corner of Spain is Bradley Vaughan, in Haywards Heath, Sussex. (tel 0444-412551). It offers properties for renovation from £8,000. But £15,000 might be more realistic.

■ *Overseas Homebuyer's Handbook, David & Charles, £13.99, 256 pages.*

An international penthouse view

WHEN property company Metropolitan & County bought the 200 large Edwardian flats known as Bickenhall Mansions, in London's West End, it was unaware that planning permission existed for further flats in the roof. On examining that area it found there was enough room to build 35 penthouses with between three and five bedrooms.

That was in 1986 and the last batch is nearing completion. They are on two floors, with galleries and small terraces. Not many companies have the luck to "win" about 47,000 sq ft of space in this way — and this for penthouses which have a cachet of their own. These units are offered from £750,000 to £1.3m (tel. 071-935-8510).

Penthouse prices vary with size and location but their pattern is similar across the world, as a selection from the register of Sotheby's International Realty shows. Most of these examples were built in the 1980s and all are being offered by Sotheby's (tel. London 071-408-5196).

■ In central Athens, a penthouse occupying the whole ninth floor of its building has views of Mount Lycabettus and the Acropolis. The salon has glass walls and a wide balcony. There are three bedrooms and bathrooms and a staff flat. The price, £575,000, is modest by penthouse standards.

■ In Charlottenburg, Berlin, a fifth-floor penthouse with four terraces is of angular, modern design. The living room has pillars and a gallery. Accommodation includes two bedrooms with bathrooms and a separate apartment. Price: £875,000.

■ In Toronto, Canada, a penthouse condominium overlooking Balfour park and with views to the skyline, is 10 minutes from the financial district. There is a private lift to the 6,000 sq ft apartment which has silk wall-coverings, marble fireplaces, oak-panelled library and study.

The formal area has a 600 sq ft entertaining room and a dining room with floor-to-ceiling windows. There are five to six bedrooms and eight bathrooms, plus a staff flat. Price: £1.97m.

■ In New York City, a two-bedroom penthouse at United Nations Plaza has "wraparound terraces" and a full range of services. It is £1.63m furnished. Another penthouse, on East End Avenue, has nearly as much terrace space (2,500 sq ft) as living space (2,800 sq ft) for just £1.5m.

■ Washington Harbour in Washington DC, five minutes from the White House, is described as a "fanciful post-modern structure." A penthouse for sale there "with the most spectacular panorama in all of Washington DC" has 5,423 sq ft of living space.

The octagonal entrance is "finished with a jewelbox ambience, with 17 coats of lacquer on its walls." A gallery with windows overlooking the Potomac river has steps down to a circular living room with domed ceiling and glass walls. There is a master bedroom suite in one wing and a second suite in the opposite wing. Asking price: £2.93m.

■ Equally lavish is a 35th-floor penthouse on the intra-coastal waterway at Miami Beach, Florida. Its 10,000 sq ft interior includes 14 principal rooms incorporating onyx, marble, Valverdi stone and ebony.

The dining room can accommodate 75 for a formal dinner and there are three entertaining galleries. From the six terraces, there are views of the Atlantic, Biscayne bay or the city skyline. Price: £2.37m.

So where did penthouses come from? Sotheby's Michael Bastian in New York says: "The history of the penthouse is pretty much the history of high-rise — an urban phenomenon." The one on top was the best apartment with the least noise, best sunlight and best views.

One of the most notable penthouses was built in New York in 1926. A woman agreed to sell her townhouse if the builder would recreate it on top of an apartment block. The result was a 54-room triplex (three floors) penthouse.

A P

COUNTRY PROPERTY

RETIREMENT

LONDON PROPERTY

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GARDENING

A welcome addition to the calendar

***Arthur Hellyer** looks forward to a bigger — and even better — Hampton Court flower show*

WHEN I tried to buy a scarce hardy geranium recently I was told that I could not have it until after the Hampton Court Palace Flower Show, a small example of the importance which nurserymen now attach to this international exhibition to be held next week from July 9-12.

The show was an immediate success when it was launched by British Rail's Network South East in 1990. Last year it was joined by the Royal National Rose Society and the British Rose Growers Association which are again this year occupying a large marquee for the British Rose Festival.

An entirely new exhibitor this year is the National Council for the Conservation of Plants and Gardens, which will have 31 of its collections on view, the first time that the NCCPG has exhibited on such a scale.

Show gardens for Hampton Court are specially chosen and this year there are to be 34 of them, including five for Aquatics Village beside the Long Water, a canal-like lake that stretches almost to Kingston upon Thames. One of special interest to the elderly is a retired gardener's garden made by City Rural Landscape Services for the Gardeners' Royal Benevolent Society. It is full of good ideas that are neither costly to make nor difficult to maintain.

A second garden with a similar theme is being made by Robin Templar Williams for Help the Aged. There is also to be a small garden by Cottage Garden Roses featuring a new variety, Gloria Hunniford, which reminds me of a favourite rose of half a century ago, Madam Butterfly, with shapely, well-scented, pink flowers.

More fanciful in conception and execution is Paul Cooper's "Crystal Palace", a garden which uses glass and mirrors. Elevated pools allow fish and aquatic plants to be viewed from below.

There are two gardens with a Japanese theme. One is by Keith Gott for Tatton Park, the National Trust garden in Cheshire which has a very fine Japanese garden. The other is by Inner London Landscapes and features a carp pool.

Look for the water garden with mature specimen plants and trees by Pantiles Nurseries which specialises in large trees in containers.

Naila Green, of Green Gardens, south Devon, is making a garden entitled "Paradise Lost, Paradise Regained" based on two circles, one planted with twisted, thorny, poisonous plants and the other an oasis of green and white around a bronze sculpture and a water basin.

BR is again making a garden based on a railway theme but it will be completely different from those of the previous two years.

Midland Group and Courtyard Design have combined to make a romantic garden called "Then and Now" which includes a flamboyant example of the 1930s style of garden contrasted with a modern garden.

Floral and other exhibits in the eight big marquees are bewildering in their variety. Two new varieties of Ballerina apple trees are to be shown. These are the varieties bred at East Mallon which restrict themselves to a single main stem with short flower and fruit bearing side growths, without need for any pruning. The search now is for better flavour and a wider range of ripening times and these two newcomers represent steps in that direction.

Kelways of Langport has two new varieties of peony, the first really new ones raised by this famous Somerset nursery for 60 years. Burncoose and Southdown are coming from Cornwall with a big exhibit of exotic plants and are expected to include some new lilies.

There are two national collections of hostas, one from Diana Grenfell and the other from Mr and Mrs R Bowden, and there is to be a hosta exhibit from Park Green Nurseries, which contains some strange names, such as Bright Lights, Pizzazz, Great Expectations and Gene's Joy.

Squires Garden Centre promises Top Marks, the rose of the year, and is also showing Strawberry Fayre and Julie Andrews. Rougham Gardens is bringing four new delphiniums. New to me is the variegated apple blossom Promises by Westdale Nurseries. One wonders what any apple blossom, variegated or otherwise, is doing out in July. Stephen Bailey will be showing carnations, Three Countries Nurseries will have pinks and Hollygate Nurseries will have an extensive exhibit of cacti and other succulents.

The theme of the British Rose Festival will be "Roses through the Ages" and this will be reflected throughout the 36,000 square feet of the marquee which is being arranged to an overall plan by the international designer Keis van Driel. Several new roses will be launched including the Thomas Barton Rose from French breeder Alain Meilland.

There will also be a competition to decide the best scented rose and the national competitions for both amateur rose growers and floral artists. The James Mason Memorial Gold Medal, for the rose that has given most pleasure to rose growers, will be presented during the show.

■ Information: The show will be open to the public from Thursday July 9 to Sunday July 12, from 10am to 7.30pm, except on the 12th when it will close at 6.30pm. Admission is £12 for adults, £9 for senior citizens and £6 for children, with reductions of up to £2 on tickets purchased with a rail ticket. Tickets can be obtained in advance, Tel: 071-379-4444.

Where green is the colour

***Robin Lane Fox** visits designer David Hicks' garden where highly-trained trees keep to the straight and narrow*

THE sun has been shimmering on the cornfields in these late midsummer evenings; mirages have been everywhere, but I have just emerged from an oasis whose owner was waving his hands in disgust. The offending object was his rosebed.

Its roses looked innocent enough, a selection of pale beauties from the David Austin stable. "Out," exclaimed David Hicks, one of the uncrowned kings of modern interior decor. "Out, out, out: those roses simply have to go. They lower the tone."

Since the mid-1970s, the vision of designer Hicks has undergone an unusual enlargement. It has moved from patterns on carpets and curtains to the art of landscape gardening, not to rosebeds but to ground plans with bold designs. Hicks' gardens are now dotted round the globe, from South Africa to Portugal. What is the Hicks eye seeing which the Lane Fox eye is too dull to imagine?

Part of the answer is green, clipped and formal. In the mid-1970s David Hicks moved house to the sort of site which haunts my nightmares. The house had no real garden and only a random wall or two in its vicinity. There were no hills in the vista and no specimen trees. The prospect was a prairie in all directions. In my mid-50s, I think I would have remained with carpets.

Not so David Hicks. He has grown to love gardening and to concentrate professionally on his ideas of it. On site, he has thought big, humanised a blank wilderness and brought life to a setting on Buckinghamshire's answer to the Urals.

As we walked round the ground plan, I had a rare opportunity to measure apparent maturity against the passage of time and so to put my nightmare to rest. If you find yourself banished to a cornfield, think big, think green, give yourself five years and plant palisades.

Palisades, I learnt, are not a smaller variation of the stockade at the centre of Treasure Island. They are a neglected garden feature from pre-revolutionary France which Hicks has cleverly revived for his main vistas.

In the foreground, you need to plant pleached trees the trunks of which are kept bare to a height of 4-5 ft, while the upper branches are trained sideways and clipped to make solid hedge. David Hicks opted for standard hornbeams from Notcutts Nurseries of Woodbridge, Suffolk, and spaced them about a yard-and-a-half apart. At first, he had them tied to tall stakes and trained the branches on to plain wire between them.

Others have often done the same, but pleaching becomes palisading if you add a second row behind the pleached trunks. You have to plant a hedge of the same variety and clip it as a background to the trees so that it fills in the gaps between them. After three years, results were beginning to show; after five years, they were hardening. Now, after 15, palisades of formally-clipped hornbeam line and define the main view in a flat garden, giving it a charming style.

Palisading may sound grand, but it rests on a principle which gardening books ignore. Hedging plants do not have to be set out in single or double lines. Small clusters of them can be clipped into cubes, low buttresses, or backing and filling. These uses do not require long views and broad acres.

Elsewhere, David Hicks repeats the idea in an area which is scarcely 10 yards square. Here, the central trees are the dewy willow (salix irrorata) which are trained on much narrower trunks to a dome of wire through which their upper branches grow and form a grey-green hat. Yew, cholsya or (my own favourite), the shiny Osmarea will then grow on to make buttresses and fill in the gaps between the tree trunks. These touches of formality can be scaled down to give style to much smaller plants.

Around the new palisades run the David Hicks avenues in which miscellaneous trees are trained so as to arch into a tunnel on supporting hoops. Here, he has some advice from experience. The hoops must be made of metal: modern black plastic substitutes are useless because they cannot support the weight of a closely-clipped frame of trees. By his own mistake he has learned that these archways should be as wide as your pocket can afford.

By now, we were into the swing of it and the designer's vision took wing in words. On either side of the clipped palisade run long strips of unmown grass, allowed to grow to their midsummer height. They are not an economy. In Hicks' view, too few gardeners can distinguish between their lawn and a golf course. Down the Hicks fairway, therefore, run these patches of deliberate rough which lead up to the arable prairie and the horizon. Did he not feel at risk to the taste of surrounding farmers, presenting him with a grain-dryer, maybe, or a shed for deep litter chickens? Not in the least, he assured me: "We own the surrounding 1,500 acres."

We turned past a new gazebo, beautifully built in a subtle mixture of designer cement and good old pebble dash. Keystones mark out the corners, and round windows a builder has draped ribbons and swags in artful concrete. It wins my award for the prettiest new garden building this year: what, dare I ask, would it cost? It began as a birthday present, acquired a budget of £20,000, but ended up as several presents in one.

Behind the cement gazebo, flowers took a segregated turn, in a walled enclosure where borders of old roses waved to each other on the usual stakes and frames. Beyond them, down a separate vista, the Hicks eye has bought a post-modern touch to container gardening.

Circling around, we reached the other main vista from the house, framed by an ingenuously-chosen hedge of horse chestnuts, clipped into a wall about 20 ft high. Beyond it, a big avenue of yet more chestnuts extends the theme far into the estate. In front, he has put a narrow swimming pool with dark, mottled walls which rebukes those of us who follow the marketing ideals and sink a liner pool in a brilliant shade of Californian blue.

As the vistas opened, so did their owner's enthusiasms. No, he had no time for variegated leaves: they are as vulgar as bi-coloured cars. Yes, he had deliberately planned a series of gothic points of emphasis but "when I say gothic, I mean gothic: I do not mean gothick with a k."

By now, I was admiring the vision of it all. At the tennis court, I learned another trick. Outside the court's wire surround, a second surround had been spaced about three yards away and climbers had been grown up it to make a covered walk round this potential eyesore. What, though, were these climbers which were not only growing but flowering their heads off in a robust shade of carmine red, a riot of single-flowered rambling roses?.

"I have to have them," their owner explained, "because I grew up with them years ago in Essex." Essex Man turned designer? He rather liked the notion. Faced with an English rose, even Essex Man loses his insistence on the principles of green, straight and narrow.

Plant of the Week

Alstroemeria Ligtu hybrids

A beautiful race of herbaceous plants originally occurring from an accidental cross between alstromeria ligtu and A Haemantha. They produce, on 3ft stems, clusters of small, lily-like flowers in various shades of pink, salmon and orange. They grow from rather fleshy roots which, when established, run about fairly freely though not sufficiently so to become a nuisance as the common, orange flowered A Aurantiaca frequently does. They are best raised from seed in pots in spring, over-wintered in a frame or cool greenhouse and planted outdoors the following spring in good, well-drained soil and a sunny position. The roots can be protected in winter with a covering of peat or coir. ..... *AH*

A new class of great designers

*Today's students are tomorrow's stars. **Lucia van der Post** admires the work of the class of '92*

IT IS NOT often that many of us get the chance to see just what splendid work is being done in art schools and colleges up and down the country.

We hear word from abroad of how much admired our British schools are, how inventive and creative the young are, but on the whole, unless we take time and trouble to visit the degree shows of the colleges close to where we live, we have, by and large, to take it all on trust.

In recent years there have been two important attempts to bring together under one roof the best work of the best students. Zeev Aram, as a labour of love, because he has spent his whole life in the design world, traipses up and down the country every summer, scouring some 40 of Britain's best art schools.

At his own expense he then brings the pieces that pass his particularly scrupulous aesthetic and functional tests to his showroom in London's Kean Street, in Covent Garden, where later in the autumn (from September 18 to October 9) the work can be seen.

Zeev Aram always hopes particularly that captains of industry, heads of big manufacturing combines and other commissioners and inspirers will come to the show, for there he believes they will find the talent that will help them produce the products that will sell.

The New Designers Exhibition starting at Islington's Business Design Centre on July 9 is slightly different. It is much larger to start with – the work of some 1,000 different designers will be on show – and it is therefore less stringently edited.

However, it is full of life and zest. Far from being a mere academic showcase, these days even the youngest designers have got street-wise and clued up on the ways of the market place, which means that almost everything on show is for sale.

If there is anything that has already been sold that you really want you may be absolutely sure that its designer/maker will be keen and ready to make you something almost like it.

The spectrum covered is vast – there is colourful glass from designers such as Marianne Buus, whose beautiful green jug is photographed here.

There are witty and beautiful pieces of furniture, there are hats and scarves and shoes and jewellery, there are lights and rugs, silver, pewterware or ceramics.

Above all, there are some truly lovely textile designs. Many of them have clearly been influenced by the somewhat New Age symbolism pioneered by English Eccentrics but the results are often so beautiful that one simply wants to frame them and hang them.

There are several reasons for going to the exhibition – anybody who is looking for products or designers to revitalise his business will find himself spoiled for choice.

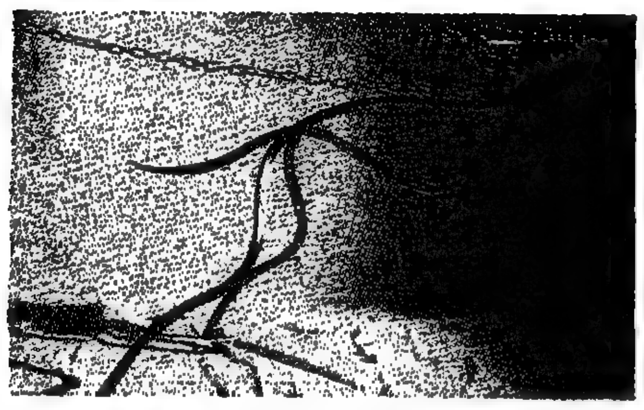
Anybody who is interested in what the next generation of designers is up to, just how talented, how original, how lively they are, will be fascinated to see the vast range of disciplines on show.

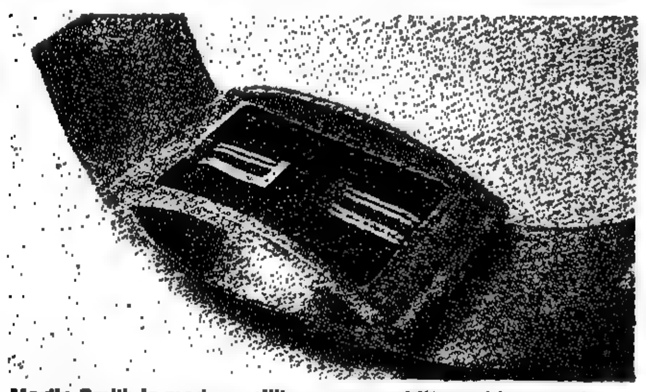
Those who want a jolly day out and a chance to buy some original presents will be not be disappointed, while those who are thinking of commissioning a special piece for a special occasion will seldom get a finer chance to find one.

You should make especially sure not to miss the section headed One Year On where you can catch up with the work of those who graduated just a year ago.

Prices will range from £20 to about £2,000 (for a heavily inlaid marquetry table from the Parnham School of Furniture Designs) but there will be lots to choose from at under £100.

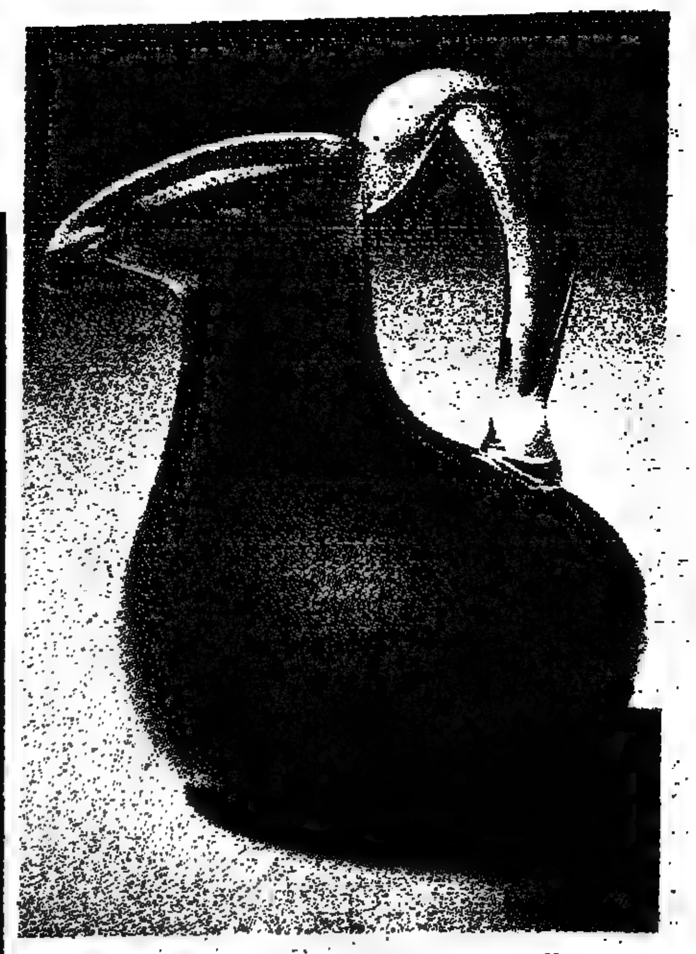
■ The exhibition opens on Thursday, July 9 at 10 am and closes at 8 pm on Friday. It runs from 10 am to 6 pm on Friday 10 and Saturday 11 while on Sunday July 12 it is open from 10 am to 4 pm. Admission charge is £4, OAPs, £2.50.





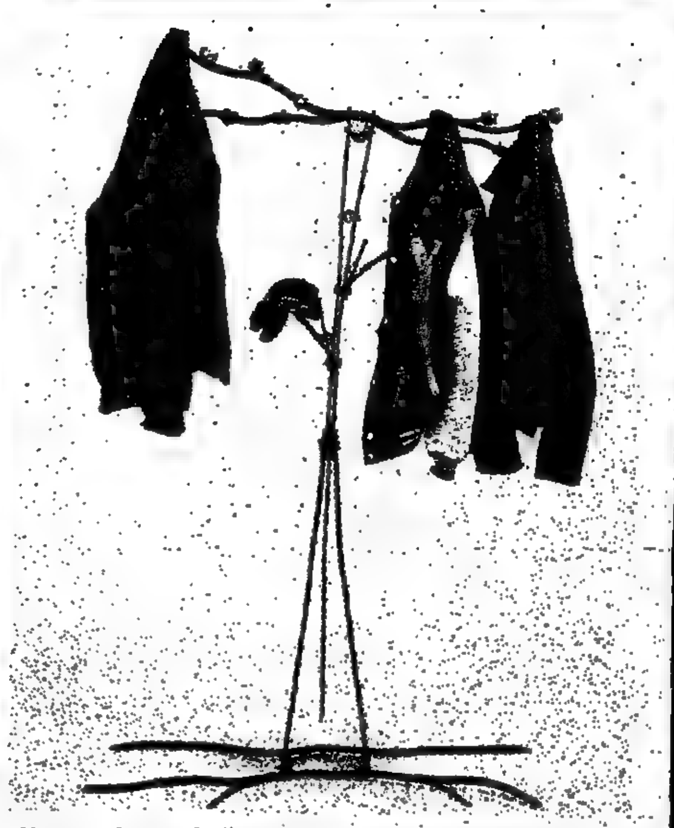
Martin Smith is mad on military memorabilia and has used military motifs to embellish striking metalwork boxes of all kinds. The one pictured above he calls his Desert Rat box and is made from patinated brass with a mahogany lining and a silver album tray. His boxes make a sturdy and permanent housing for photograph albums or family memoirs.

Many of the printed textiles in the exhibition are wonderful, but they are not always the easiest things to know how to use. Janice Blythe has been much inspired by icons as the design, pictured top left, shows – beautiful enough to be used as a wall-hanging it would also make a splendid cushion-cover. It measures 3m by 1m and costs £320.
Mark Lewis has produced several pieces that seem to owe no allegiance to any other designer, era or movement that I can recall. Photographed here on the left is an outdoor seat which, for fairly obvious reasons, such as the greyhound silhouette, he calls "straining at the leash." Round steel tubing treated with galvanised zinc to prevent rusting has been used for the dog's body, a leather bike seat for the head and ball-bearings for the feet with a chain to attach it to a tree.
The seats were originally proposed for the Chiltern Sculpture trail in Oxfordshire and the brief required the seating to be both temporary and thief-proof. The seats are £490 each.



Left: It may look like a bedroom chair but Jonathan Hoad – who made it and who should know – calls it a clothes unit. Designed to take up a minimum amount of space, the stepping drawers can be used for storing underwear, jumpers, jeans, cufflinks or whatever while the back has hangers for dealing with suits, trousers, jackets or shirts. In medium density fibreboard, with a fiddle-back veneered in sycamore and stainless fittings, it costs £775 and can be seen at the New Designers One Year On section of the centre.
Above: Marianne Buus, who is also showing her work in this section, offers a range of hand-blown and studio blown glass. This stunning green jug with the cherry-red lip is one of her hand-blown pieces. Prices start at £80.

Above, Hayley Middledtich's design for a beaded top is inspired by the colours and brightness of Russian dolls. She combines good yarns and fabrics such as fake fur to create jaunty, characterful clothes, aimed, as she puts it, "at the streetwise, club-going market" and designed to "emphasise the sexiness of the female body." All the garments on display will be for sale.



Mark Lewis also designed the marvellously insouciant hat and coat tree, photographed above. The trunk is made from medium density fibre board which is decorated with a burnt and branded pattern, while round steel tubing has been used for the roots and branches. The buds are of foam-filled cloth. As coats are added to the branches the tree bends and creaks under the weight, like a proper tree. As is the way with young designers these days, the hat and coat tree has a message – Mark Lewis sees the burnt MDF trunk as standing for our wanton destruction of the world's forests, while the green buds represent hope. From £250 to £300.

Anybody with a grand garden might like to consider Rosemary Metz's terracotta arch. Metz, who is just graduating from the Goldsmiths' College of Art, specialises in architectural and sculptural ceramic work for the garden. The arch above is a maquette for a full-blown version which might be just the thing to set off a terrace, walkway or avenue.

A jewel of a name

LALIQUE is one of the greatest of names in the litany of fine French companies that cluster together near the Madeleine in the poshest part of Paris. It was Rene Lalique who lifted the company out of the ranks of mere producers of glass into starry status of world-famous designers of sought-after crystal. However, Rene Lalique actually began in a smaller way – with jewellery.

Marie-Claude Lalique, his grand-daughter, has now gone back to where her grandfather started and has produced a summery, colourful collection of crystal jewellery, photographed right. The Cabochon collection comes in 14 colourways, including bracelets and ear-rings, brooches, pendants, pins, tie clips and cufflinks. Prices range from £345 for the bracelet and £125 for the ear-rings to £75 for the pendant. The collection is stocked at the Lalique shop at 162 New Bond Street, London W1Y 9PA, at Selfridges of Oxford Street, London W1, at Mappin & Webb in Regent Street and from Mulberry Hall, Stonegate, York.

■ Some lovely new wallpapers from Osborne & Little have been brought out. Scaglia is a striking paper rendering of Italian marbling which comes in 20 different colourways, ranging from a rich terracotta to a heavenly pale blue, from palest apricot to a country green. Stronger and more striking than its forerunner, Sienna, it is an easy, almost instant way of conjuring up some of the latest paint effects.

If Scaglia is too strong for your tastes then take a look at Pietra, also new to the range, which imitates very soft Italianate stone effects. There are some 20 different colours: gentle stones, beiges, greens, blues, pinks. Both papers come in rolls of 10 m long by 52 cm wide and both sell at £17.15 per roll (inclusive of VAT) from Osborne & Little's own shops at 304-308 King's Road, London SW3 5UH and 39 Queen Street, Edinburgh, and from good interior decorators and designers.

■ What does a well-dressed chap wear on his feet when he is relaxing around the house during the summer? Docksiders, that's what. Once the only shoe the yachting crowd would contemplate, it has now become the THE snob shoe for fashionable landlubbers as well.

The pukka original version was a soft, comfortable moccasin, treated with oil to make it waterproof and with rubber soles to keep the wearer steady on deck. The most noticeable trademark, though, are the eyelets and lacing at the sides. Versions abound in almost every high street shoe shop, but anybody who is not near a good shoe shop might like to buy the Sebago version direct by mail from Shipton & Heneage, 117 Queenstown Road, Battersea, London SW8 (tel: 071-738-8484).

Prices are £55 for the women's shoe, £60 for men. Colours are plain tan, two-tone tan, suede, navy and white, navy and tan. And remember – NO socks.

LvdP

Room to spare on a trip of a lifetime

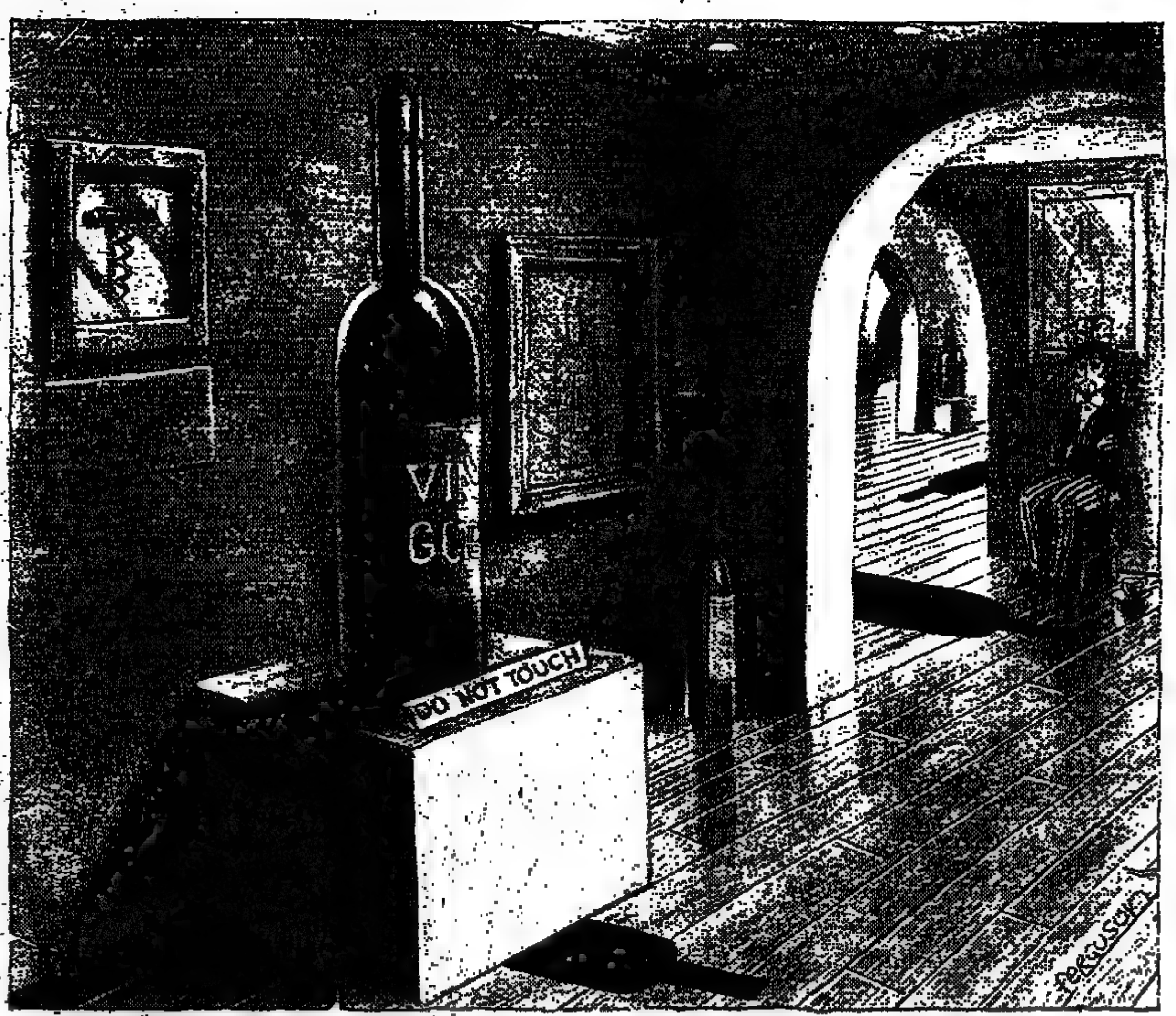
IF THE gloom and doom in the last few months has got you down, if you feel in need of a treat, there are now a few places available on the very last Weekend FT safari to Zimbabwe.

Last year's safari – led by John Stevens and Gavin Ford, whom I consider two of the finest guides in Africa – was such a success that we set up a second one, with the same two fine guides, for this September (from the 12th to the 28th). A few readers have, for personal reasons, had to cancel, so anybody longing to get away and with £3,028 to spend on the safari of a lifetime now has a chance.

Remember that the price is inclusive of almost everything, including canoeing down the Zambezi, tented camps in the bush and beside the river and a three-day walking excursion in the middle. You will be happy to hear that in the Zambezi valley, where this safari is based, the rains have been normal – it is Southern Zimbabwe that is suffering so terribly. More details either from this office (071-873-3000) or Primrose Stobbs at Abercrombie & Kent (071-730-9600).

LvdP

AMERICAN FOOD AND DRINK



Only the best will do

*. . . for a nation of collectors rather than drinkers, says **Jancis Robinson***

I DESPAIR, I really do. There is that huge country across the Atlantic with its 200m consumers, not *so* very different from us Europeans, but how many are ever going to experience the true, and delightfully simple, pleasures of wine? Probably a handful at most unless there is a complete rotation of US mind-set on wine.

Wine that sells in north America is either very cheap, very expensive, or regarded as a medicine. At the bottom end, a shrinking proportion of the mass market buys basic commercial blends, with their persuasive sugar levels, and swigs them for refreshment as an alternative to a cola.

At the top end of the market, a much smaller, static number of consumers, probably 0.1 per cent at most, are interested – and I mean passionately interested – in nothing but the very, very best and will pay any price to secure it.

So well-heeled Americans gobble up all the most sought-after wines, helping to drive up their price, even importing British merchants' allocations across the Atlantic. But most Americans, are uninterested in the bread and butter of the wine world, the exciting variety of good-value bottles that can be enjoyed every day. Okay, some will buy mid-range California wines in restaurants, but only because they resent paying restaurant mark-ups on the top wines they have in their cellars.

They all agree which are the top wines because they all read *The Wine Advocate* newsletter and *The Wine Spectator* magazine which dispense, per wine, easily comprehensible scores out of 100; pocket calculators have replaced palates in the American wine trade. One New York restaurant, Zoë, even prints *Spectator* scores on its wine list, with special sections for the "heavy hitters" (those scoring over 90).

A dangerously high proportion of wine in America is filling cellars rather than glasses. Wine connoisseurship has enjoyed a period of unparalleled status in the US. A cellarful of 90-pointers has been seen as an essential accoutrement of success. The cellar will be specially constructed, its temperature and humidity carefully controlled, but its design is often predicated on its function as spectacle rather than store-cupboard. The bottles are for ogling rather than opening.

Bottles *are* sometimes opened, en masse, at grand, well-publicised tasting marathons at which perhaps 100 wines, each individually capable of sustaining a memorable dinner, are compared, and expectorated. But the proportion of great wine that is served as it is meant to be, a bottle or two at a time to maximise pleasure around a table, seems absurdly low from the European side of the Atlantic. American for someone who takes an interest in wine is, significantly, not connoisseur or enthusiast but "collector".

There are those, however, who think the only way wine will survive the activism of those labelled neo-Prohibitionists is by becoming even more elitist. For years now, all wine bottles, even the grandest, have had to carry labels warning pregnant women, and those in charge of machinery, against drink. Increasing controls and some crazy litigation have wrought striking changes in US attitudes.

A French wine merchant dining alone in a Boston steakhouse tried to sample a rival's brand, available only by the bottle. He was flabbergasted to have his order refused by a waitress who told him that a bottle was too much for one person and that she risked being held legally responsible for his actions if he consumed it.

If the French wine trade were not in such dire straits, with Japan's second coming to wine looking increasingly mirage-like, one feels the French might give up on the US market altogether.

Ever since Prohibition, selling any alcohol in the US has been complicated, with different rules for each state, but the hurdles between producer and US consumer seem to double each year. Perhaps symptomatic of wine's place in American society is that wine's chief regulatory body is the fiercely literal Bureau of Alcohol, Tobacco and Firearms.

The BATF must have been as shocked as the wine trade, if in a very different way, by the extraordinary television broadcast in November on CBS's "60 Minutes". Morley Safer, a sort of Wogan-Dimbleby hybrid, told 30m Americans of the research that suggests that one of the factors that keeps the French heart disease rate 40 per cent lower than in the US may be France's more robust consumption of red wine.

Who could have predicted such a boon for the wine trade from this unexpected quarter? Little old ladies teetered into liquor stores the very next morning asking for a bottle of that stuff that wards off heart attacks. My practically teetotal but cholesterol-fixated Californian friend manfully starting washing down his lunch with *premier cru* burgundy. Gallo, the world's largest winery, has had to put all of its reds, even its much-maligned jugs of "Hearty Burgundy", on allocation only. Red wine sales immediately increased by more than 40 per cent.

But the US wine trade is trying desperately not to get too excited. Oat bran, sold a few years ago along much the same lines, proved more of a fling than a sustained love affair for the American public. It will not be in our lifetimes that Americans fall for the sort of relaxed life enhancement that regular consumption of good-value wine can offer.

The Robin Hoods of the ice cream world

Karen Fricker explains Ben and Jerry's unusual recipe for success

AMERICANS owe a debt of gratitude to Ben and Jerry, makers of Vermont's Finest All-Natural Ice Cream, for this singular feat: they have made eating ice cream virtuous.

In this year BJ 14 – the company was founded in 1978 by Ben Cohen, now chief executive of Ben and Jerry's, and Jerry Greenfield, vice-chairman – Americans cannot help but know that, when they pick up a pint of Ben and Jerry's Fresh Georgia Peach, Chunky Monkey, or Cherry Garcia (named for Grateful Dead lead singer Jerry Garcia) they are buying a lot more than ice cream. They are buying an ethos. They are buying political correctness.

As their success has grown – they sold $97m (£52.4m) worth of ice cream last year and are second only to Haagen Dazs in the US super-premium ice cream market – Ben and Jerry have graduated from America's corporate class clowns to national role models for corporate responsibility.

Their company's goal: to make first-rate products while toeing a "two-part bottom line," as Ben puts it: "How much do we benefit the community and how much money do we make?"

The brownies in Chocolate Fudge Brownie are made at Greystone Bakery in Yonkers, New York, which reinvests profits in jobs and training for the homeless. The company buys the berries for Wild Maine Blueberry from the Passamaquoddy Indians to support traditional elements of their economy. The profit from the nut brickle candy in Rainforest Crunch go to rainforest and environmental preservation. Next year Ben and Jerry's will open a "scoop shop" (ice cream parlour) in Harlem, New York, employing homeless people and residents of shelters.

Feeling righteous yet? Try this: last year when cuts in federal support programs to dairy farmers caused milk prices to fall 25 per cent, Ben and Jerry's continued to pay premium prices to its supplier, St Alban's Cooperative Creamery, taking $500,000 "out of the company's profits, where it doesn't belong, and into farmers' pockets, where it does belong," said Ben. "We refuse to prop up our bottom line with bankrupt family farms."

Ben and Jerry met at school – they were the two fattest boys in gym class. Ben, a college drop out, and Jerry, twice rejected from medical school, only enrolled in a $5 correspondence course in ice cream-making when they could not afford the equipment to make their other favourite food – bagels.

They set up shop in a converted garage in Burlington, Vermont, on $12,000, most of it borrowed, and started delivering throughout the state in a Volkswagen van. By 1981 *Time* magazine was calling Ben and Jerry's the best ice cream in the world, and the strain of success was starting to show.

Jerry quit for three years, saying he would never return and, in 1984, Ben, "having the horrible feeling . . . that I had become a businessman", almost sold up. He decided to keep Ben and Jerry's "in trust for the community".

A whopping 7.5 per cent of the company's pre-tax profits goes to charity (compared to the average of less than 1 per cent for most US companies) through Ben and Jerry's Foundation. Their ice cream novelty, Peace Pops (ice cream bars dipped in chocolate and nuts), raises money and awareness for the "1 per cent for Peace" organisation, which seeks to redirect 1 per cent of the US defence budget to programmes that promote understanding between nations.

Ben and Jerry's is a groovy place to work, too. Dads get paid paternity leave and there are baby changing tables in the men's rooms.

The most publicised – and problematic – element of Ben and Jerry's employment policy is their limit on executive salaries: the highest-paid employee can only make seven times the lowest wage, which last year meant that the highest wage possible, including benefits, was about $130,000.

While Ben and Jerry argue that the salary cap ensures executives join the company for the "right" reasons, the policy is unpopular among higher-ups. It has been difficult to keep executives in place – early this year three top-level positions were available.

Ben and Jerry's owns up to its mistakes almost to a fault – its 1991 annual report reads like a confessional. The introduction of Ben and Jerry's Light Ice Cream was a "disaster" – it sold poorly and the company was nailed by the Food and Drug Administration for abusing the term "light"; the line has been dropped. The report also admits that factory discharge caused severe waste water problems in one town. Two of America's leading business magazines, *Fortune* and *Forbes*, have criticised the inconsistency (as they see it) of Ben and Jerry's self-proclaimed social awareness while selling expensive ice cream: "Inner city residents would have to take out a bridge loan to take home a pint", says Forbes.

Ben and Jerry's certainly is expensive – pints cost $2.50 or more, and cones start at $1.75 – but then Ben and Jerry have never claimed theirs is an equal-opportunity ice cream. They seem content to be contemporary Robin Hoods, selling pricey products to yuppies and redistributing the proceeds to the less fortunate.

Forbes is also responsible for the rumour that Ben's six-month sabbatical this year is a front – he is really quitting the company to live on a rice and beans in solidarity with the Third World, it says.

The company says Ben will return in September, in time for the introduction of the newest flavour – Wavy Gravy – and that it will be business as usual at Ben and Jerry's.

New York calling

***Nicholas Lander** meets food chat show host Arthur Schwartz*

Helayne Seidman

Arthur Schwartz: confirms the US preoccupation with eating

FRIDAY NOON. Radio WOR New York. Arthur Schwartz introduces his daily show "Food Talk" and within 30 seconds all 14 incoming telephone lines are flashing. On Fridays the programme is devoted to restaurants.

Schwartz begins with two reviews – one laudatory, the other critical – and then answers callers' questions. Line 5 wants a sushi restaurant at a reasonable price, line 3 the best French restaurant on the Upper East Side.

Schwartz then deviates to talk about the pleasures and pitfalls of a truly American phenomenon, all-you-can-eat sushi bars. You must remember, Schwartz counsels, that you are not allowed to eat the fish without the rice and that whatever you leave will be charged at the much higher à la carte prices.

Schwartz's personality and experience are two reasons why his programme has been so successful. Born in Brooklyn, Schwartz ate well and copiously at home thanks to his Jewish mother. When he saw an advertisement for a food editor of a suburban magazine he produced outstanding references from his wife, mother and mother-in-law attesting to the quality of his oysters Rockefeller, pot roast and chocolate soufflé.

He got the job, eventually becoming food editor of the *New York Daily News*, for which he has been reviewing restaurants for the past 14 years. But Schwartz is modest enough to admit that if he is the right man for the job, the timing of his show could not have been better.

One of the biggest misconceptions that still persists about life in America is that Americans are not really interested in what they eat. In the mid-west they may still be preoccupied with quantity but there are many Americans on the east or west coast who can talk as passionately and authoritatively about food as any native of Lyons or Bologna.

This was brought home to me four years ago sitting in on another radio chat show, this time hosted by Narsi David in San Francisco. A caller phoned to discuss the secrets of chicken stock.

Nothing extraordinary – except that the caller was an 83-year-old woman who had been cooking for the past 60 years and was still trying to perfect her technique.

The American preoccupation with eating has been chronicled by John Mariani in an excellent book entitled *America Eats Out*, William Morrow $25 (£13.50).

And Americans *do* enjoy eating out. Figures from the American National Restaurant Association confirm that. The average size of the bill may be small but the spread of tastes is enormous – the biggest growth areas are in pizza, Mexican and Asian restaurants – with much reduced demand for new hamburger restaurants.

Behind these figures there is a development which is adding to the popularity of Schwartz's radio programme.

Americans are becoming increasingly concerned and confused about what they can and cannot eat and which foods are good for them.

It used to be simple. Now, every week brings conflicting reports about the safety of the meat, the quality of the vegetables and the purity of the waters around the American coasts from which the one food item that was thought to be beyond reproach – fresh fish – is caught.

Although Schwartz has not lacked callers since his programme went on air the most frenetic day he and his assistant, Mary Ann, ever had was when the studio guest was neither a top chef nor a restaurateur but a food storage and safety expert from Cornell University.

In addition to phone calls, Schwartz receives 40 to 50 letters a day from listeners seeking advice and help. It is only the thought of having to reply to all this correspondence which temporarily wipes the permanent smile from his face.

But the final ingredient in the success of Schwartz's programme is the enthusiasm of his regular callers: Louis from Westchester who came third in the Great American Meatloaf cook-offs; Mark with a mania for hygiene; and Greg, who collects Japanese cooking knives at $450 each. Confronted by them, Schwartz knows he has found listeners almost as passionate about food as he is.

Cookery / **Philippa Davenport**

English-made Caesar salad

I HAVE not yet been to America in the flesh, only in spirit. You may think me medieval for this.

Most of my culinary impressions have been gleaned from films, television and novels. In the Hollywood version, GIs, when not chewing gum, are tucking into or craving Hershey bars, fudge brownies, cheesecake, and Mom's apple pie.

In the deep south they seem to survive on curiously named confections like Mississippi mud, jambalaya, hominy grits, johnny cake and hush puppies – not forgetting Kentucky fried chicken, of course.

Many American meat dishes sound curiously unappetising: meatloaf, corned beef and hamburgers to name but three. Fish offers more glamour and allure: Grand Central Station clam chowder, New England crab cakes, oysters Rockefeller and lobster Newberg.

This last, devised by Delmonico's restaurant in Manhattan, was, so the story goes, originally named after a patron called Wenberg. The letters were transcribed at a later date after an exchange of sharp words between patron and restaurateur.

It has been said that two things make American meals stand out from those of other countries. A family dinner customarily begins with a salad, and it is not considered complete without a very serious dessert.

The American tooth seems even sweeter than the British one, which is saying a lot. Their salads often include as much fruit as vegetables, and sometimes the fruit is set in jelly like a nursery pudding of the nastiest sort.

Waldorf salad, on the other hand, is pleasing with its happy marriage of celery, apple and walnuts, while fruitless Caesar salad is particularly appetising.

I confess, though, that rather than serve Caesar salad in its traditional role as a first course, I prefer it as a lunch dish. It makes a good choice for a warm summer's day, needing little more than a bowl of, say, fresh ripe cherries and tawny apricots to follow it.

CAESAR SALAD

(serves 4 for lunch or 6-8 as a first course)

In spite of the Roman implications of the name, this is a north American recipe, created in the early 1920s by Caesar Cardini in his restaurant in Tijuana, Mexico. Many versions of the salad are now in circulation, some quite elaborate, but it began life as a simple affair and that is how I like it, the charm of it lying in its combination of a few very fresh, top quality ingredients: Cos, the best lettuce there is, anointed with an egg-enriched dressing, a savoury grating of genuine Parmegiano-Reggiano and the crunch of good bread fried in good olive oil.

Some cooks add snipped anchovy fillets, a splash of Worcester sauce and other extra flavourings. I find them quite unnecessary. Many use one-minute boiled eggs in the dressing. I have never quite understood why. Such brief immersion in boiling liquid does not cook an egg in the accepted sense; it barely sets a thin outer film of egg white, leaving the rest of the white and the yolk raw and barely warmed. Is it really worth effort of getting out an egg boiling pan and setting a pinger timer for this?

A raw egg seems to me as suitable as a semi-raw one for the twin purposes of increasing the food value of the salad and mollifying the lemoniness of the dressing. (Those fearful of salmonella may prefer to omit the egg altogether and up the oil content of the dressing accordingly.)

1½ lb or more Cos lettuce leaves (I use the best inner leaves of 2 large Cos and save the outer parts for making soup or cooking with peas); 5-6 oz good quality slightly stale bread (ciabatta for preference); 1 oz or more freshly grated Parmesan cheese; 2 garlic cloves; 8 tablespoons extra virgin olive oil; 1 egg, at room temperature; 3-4 teaspoons lemon juice.

Wash and dry the Cos and cut or break the leaves into bite size pieces. Dice the bread. Grate the cheese. Slice the garlic thinly.

Put the garlic into a large frying pan together with 4 tablespoons olive oil and place over very low heat. When the oil is very hot and aromatic, remove the frazzled fragments of garlic. Add the diced bread to the pan and turn up the heat a little. Fry, stirring and turning the bread as necessary, until golden and crisp.

Set the pan of croutons to one side while you quickly break the raw egg into a salad bowl. Add the remaining 4 tablespoons of olive oil, the lemon juice, a good scrunch of sea salt and a generous grinding of black pepper. Mix well with a fork.

Add the leaves to the dressing and toss to coat them. Sprinkle on the cheese and mix again lightly. Adjust seasoning to taste. Add the croutons of garlic fried bread, toss briefly and serve straight away.

Marathon life of a defiant exile

Anthony Curtis on the career of the Bloomsburyite who got away

THE STORY so far, just in case you have forgotten the details:

Carrington loved Lytton. Lytton, while tolerating Carrington, loved Ralph. Ralph loved Carrington. In order to remain close to Lytton, Carrington agreed to marry Ralph without being in love with him. Gerald was Ralph's greatest friend after Lytton and like Ralph had fought bravely at the Front in the world war. Ralph, Gerald and Carrington were in a situation similar to that of Jules *et* Jim and Jeanne Moreau in the film. Their triangle exploded and all but ended the friendship between the two men when Ralph discovered Gerald had been making love to Carrington.

Then Lytton died aged 52 in 1932. Carrington, inconsolable, committed suicide as she had threatened. Ralph married

THE INTERIOR CASTLE: A LIFE OF GERALD BRENAN
by Jonathan Gathorne-Hardy
Sinclair-Stevenson £25, 660 pages

Frances, and Gerald went to Yegen in Spain, in the remote then almost inaccessible Alpujarra. He fathered a child, Miranda, by a 15-year-old Spanish peasant-girl, Juanita. Then Gerald married Gamel Woolsey, a southern belle with poetic ambitions, who had settled in England and had become the mistress of Llewelyn Powys. She now went to Spain with Gerald. Gamel and Gerald brought up Miranda as their daughter, sent her to boarding school, and then...

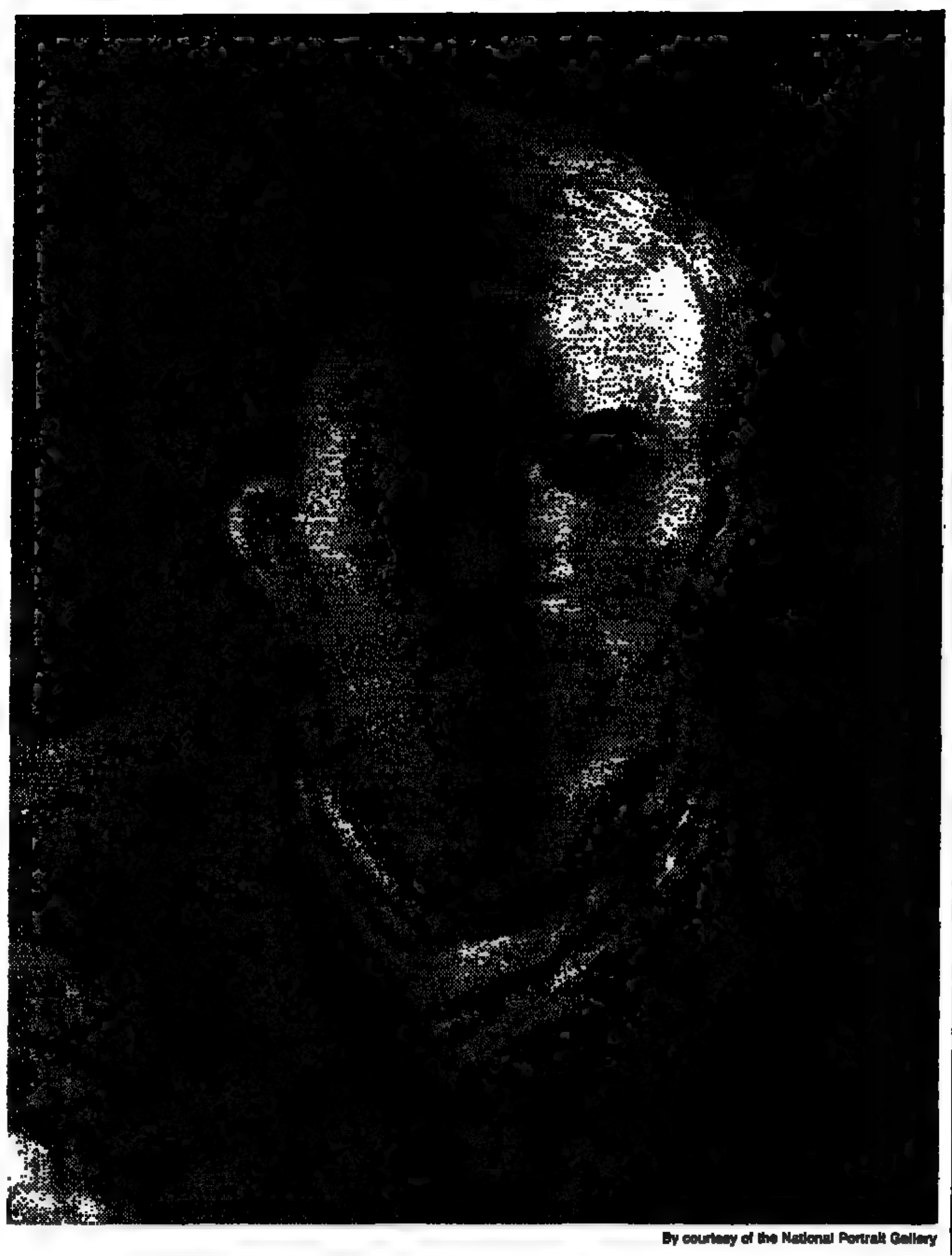
But hold on. I am starting to anticipate Jonathan Gathorne-Hardy's highly readable, splendidly complete, marathon life of Gerald Brenan in which these entanglements, some much written about already, starting with Michael Holroyd's life of Lytton Strachey, are seen from a fresh, revealing angle – that of Gerald. From the earlier biographies you might have concluded that Gerald had played only a minor role in the Lytton/Carrington story, but it now becomes clearer than ever before just how crucial his part was.

Gerald was formidably equipped with literary gifts that were slow to mature alongside a combative nature. Throughout his long life he had close friendships with, and influenced, many clever people of later generations as well as making, through his books, a significant contribution to British understanding of Spain. In all Gerald presents a testing challenge to a biographer, and it is one to which Gathorne-Hardy has risen energetically.

The contrast with Lytton, with whom Gerald is sometimes compared on the ground that he did for Spanish literature what Lytton had done in England for French, is extreme. To begin, Gerald lived 40 years longer than Lytton. He died in 1987, just short of his 93rd birthday. Again, Lytton, a homosexual Bloomsbury guru, was by temperament a Cambridge intellectual, an Apostle, a stay-at-home with a Gallic vision – the one occasion when he was persuaded to venture abroad to visit Gerald, described in Gerald's masterpiece, *South From Granada*, was a near-disaster.

By contrast, Gerald managed to combine the life of the mind with a life of adventure and travel. His military father insisted he took the Sandhurst entrance examination after Radley. But Gerald avoided going there by making his first and greatest escape. He left home abruptly one morning aged 18 and set off on a walk across Europe with a friend, Hope-Johnstone, his earliest mentor. It was a crazy thing to do, but it set the pattern of his life, one of defiant exile. Then and later, it was, financially, a precarious existence subsidised by borrowing and spongeing. Gerald persuaded a rich aunt to make him a regular allowance on which he lived for many years.

In 1914 he joined the army he had so recently avoided. He became an infantry officer, an observer on the Somme, and was awarded the Military Cross. It was the only time Gerald had a regular job. After the first war Gerald's life divides into long periods of residence in Spain broken by short periods of return to rural England. Gerald spent most of his life pursuing women while simultaneously educating himself by reading voraciously in various literatures. He always wanted to be a poet and continued to write poetry into old age. He was at the same time full of plans for prose-books, novels, biographies and cultural histories, some of which took years to mature, others were half-written and jettisoned.



By courtesy of the National Portrait Gallery

Gerald Brenan, by Dora Carrington, c. 1921

The fact that he did not publish much till late in life – his reputation as a writer was only really secure in 1951 after the appearance of *The Literature of the Spanish People* – means that Gathorne-Hardy is able to concentrate on the inner man for long stretches. As his title, *The Interior Castle*, implies, Gerald pulled up the drawbridge on his true self even more firmly than most writers, and Gathorne-Hardy ruthlessly prises it open.

The attachment to women began early in classic public school style with an infant pass at his Nanny. Gathorne-Hardy published an authoritative history of the Nanny in 1972 and therefore deserves to be heeded when he claims it may have been a voyage of discovery in bed with his Nanny that started Gerald off on a long series of attachments to women of the lower classes.

At any rate, childhood left Gerald with a strong voyeur instinct that he went to excessive lengths to satisfy in later life, taking a powerful telescope with him on his country rambles. Confession of sexual longings as well as of impotence are a feature of the innumerable letters he wrote to friends like Ralph and Frances Partridge, David Garnett, Sir Victor Pritchett. Gathorne-Hardy suggests that it may ultimately be as a letter-writer that Gerald will be best remembered.

Fortunately the marriage to Gamel, both of them writing and translating in their Spanish home near Malaga, worked well for many years. They were there when the Civil War started. In an effort to understand what was happening Gerald then began work on one of his finest books, *The Spanish Labyrinth*.

Gerald's sexual drive lasted well into old age. He developed a brief – unfulfilled – incestuous passion for his daughter Miranda. After she was whisked away and safely married to a French doctor, Gerald suffered another seismic sexual upheaval through the appearance of a new-generation Carrington, Joanna, daughter of Carrington's brother Noel.

After she had left, he installed other girl-friends to help him with his work, to the chagrin of Gamel. Shortly after her horrific death from cancer we find Gerald, now a chirpy 74, setting up house with Lynda, a pretty woman in her late twenties, with whom he is writing a biography of St John of the Cross. She continues to be his companion and minder for the next 16 years, even after her own marriage. We have here an account of a household consisting of her, her Swedish artist-husband Lars, her two children and Gerald, a ménage as extraordinary in its way as anything *chez* Lytton and Carrington.

We also have some pleasant close-ups during this period of Gerald delighting his friends in bookish talk, vying with the likes of Cyril Connolly. Gathorne-Hardy himself enters the picture at this point as a welcome guest of Gerald and Lynda's. But these occasional personal memories, often confined to footnotes of which Gathorne-Hardy is obsessionally fond, do not impair the writer's detachment in this rich portrait of a maddeningly devious, brilliantly courageous, literary man.

Ammunition for the anti-intellectuals

WHEN OXFORD'S Merton Professor of English castigates the "literary intelligentsia" for being hostile to "the masses", it is a spectacular case of a hound running with the hares. John Carey is the Merton Professor in question, and he has successfully employed a formula used by tabloid journalists: catch someone famous doing something compromising and publicise the fact, applying large doses of moral outrage in the process. A number of 20th century intellectual heroes have said snobbish and nasty things about people in the mass. Carey has caught them at it; his book is devoted to exposing them.

The intellectuals' sin, according to Carey, is that they not only disdain mass culture but hate the masses themselves. To protect high culture from the pollution of popular acceptance intellectuals make their work too difficult for the masses to understand, thus marginalising and excluding them.

Carey's thesis is that intellectuals feel threatened by mass culture. The threat started with increased literacy in the 19th century, and expressed itself in new popular media like the tabloid press. Population explosion, rapid growth of cities, tabloid journalism, trivial and vulgar pursuits indulged en masse (football crowds, packed beaches) filled the intelligentsia with revulsion, says Carey, and they invented a conceptual idiom aimed at keeping the mobs at bay, namely Modernism; a family of difficult, abstract literary and artistic styles.

And some intellectuals did not stop there: they began to hypothesise ways of limiting or even eliminating the encroaching masses. D.H. Lawrence wished he had the use of a "lethal chamber" as big as the Crystal Palace; Rayner Heppenstall dreamed of "total genocide" of the Irish and Arabs at the push of a button; Nietzsche proclaimed that higher men must declare war on the "the superfluous" to defend against their engulfing mediocrity. The 20th century did not have to wait long for a fairy-godfather to grant these wishes.

By copious quotation Carey offers a depressing picture of elitism and cultural bigotry. His book will furnish much ammunition to the already large anti-intellectual majority in the English-speaking world. And that is a pity, for his argument is too flawed and deeply tendentious to be taken seriously.

THE INTELLECTUALS AND THE MASSES
by John Carey
Faber £14.99, 246 pages

First, it is striking that the cases Carey quotes form a very biased sample. It is well understood that Lawrence, Pound, Yeats, Leavis, Heppenstall and several others of Carey's stars held social and political opinions which make Genghis Khan seem moderate. Carey tells us that, for example, Heppenstall fulminated against the welfare state, trades unions, coloured immigrants, new universities and the working class. Practically all right-wing politicians do the same, relatively few of whom can be described as intellectuals, so it is hard to see how such views are especially representative of intellectuals.

Had Carey mentioned others in the intellectual community, like Bertrand Russell, the Webbs, Keynes, Wilfred Owen and other war poets; and had he been more discriminating about E.M.Forster, and more sensitive to the attitudes of gay and women writers like Auden and Katherine Mansfield, who knew what it was like to be members of excluded groups, he would find that his group of star nasties is markedly unrepresentative.

Carey is not over-burdened by a sense of logic, and effects some spectacular inferences. H.G. Wells was worried about the population explosion, and deplored the haphazard pre-war growth of towns into the countryside. Both are laudable concerns, yet Carey treats them as evidence that Wells hated the masses. This is quite a jump. Carey seems unable to distinguish two things: views about what mass culture sometimes does, and views about individuals threatened with harm by mass culture.

He would have been equipped to do so if he had read Harry Payne's *The Philosophes and the People*, which discusses the same question in an 18th-century setting. Payne shows that most thinkers were concerned to liberate people from the tyrannies of ignorance and cheap sentiment. Modern writers like Wells and Orwell were similarly worried that some aspects of mass culture prevent people from thinking for themselves, and attacked it accordingly. This is not at all the same as disdaining the individuals who suffer the impoverishing effects of mass culture. Carey simply fails to see this.

Indeed Carey never once asks whether some of the intellectuals' complaints are justified. Is it not deplorable that the intellectual staple of many is an endless diet of television soaps, the *Sun* newspaper and royal scandals? Does Carey wish us to think otherwise? If so, that is treason by a clerk indeed.

A.C. Grayling

Confusion of war

WOMEN make different sorts of wartime heroes from men. Instead of going over the top waving a flag (although doubtless they could do this if necessary), they triumph over the subtler terror of life behind the lines. This is the theme of Christian von Krockow as he records, in the voice of his sister, Libussa, her hair-raising years in the remote eastern provinces of Germany as the Third Reich is swept away by the approaching Russian army.

The book does not dwell on horror stories but one paragraph will demonstrate the background to Libussa's struggle: "We received more and more grim tidings. Many people had actually carried out what we had planned to do: they escaped the brutality of the conquerors by shooting or hanging themselves. Others took poison, like the surgeon from Stolp – and many other doctors... Many, indeed more than many, people were murdered, and many were taken away, never to be seen again. Sometimes we could hardly believe our ears: an elderly couple were chased into the village pond and forced to stay there until they drowned in the icy water... The proprietor of the Grumbkow estate, Herr von Livonius, had his arms and legs hacked off and was thrown, still alive, to the pigs."

The reason that Libussa does not agree to commit suicide as planned for the family by her mother and her stepfather, Count von Krockow, is that in 1945 she is eight months pregnant. She is prepared to kill herself but not her baby. Instead she and her remarkable mother, a Pomeranian aristocrat who takes to stealing wood and chickens with dignity as well as courage, see to it that the family can eat.

As a blueprint for survival, Libussa's behaviour teaches one powerful lesson: always take action, never remain passive. Time after time it is her decisiveness and energy which save her from the enemy. It is not just the simple physical bravery of, for example, returning day after day to the guarded ruins of their estate to steal from the garden, but making the decision to climb out of a shed where she is being held in company with many others. That night, hidden in the burnt-out remains of a German tank she listens to the screams of her fellows who did not have the courage to follow her.

THE HOUR OF THE WOMEN
by Christian von Krockow
Faber £14.99, 212 pages

THE ROAD AHEAD
by Christabel Bielenberg
Bantam £14.99, 196 pages

As a history book, *The Hour of the Women* illustrates only too vividly the confusion of war which brings violence to those who least deserve it. After the Russians came the even more hated Poles who were to be the new owners of the von Krackow land. Nevertheless the message, delivered finally by Christian in his own words, is that the wartime boundaries must be honoured by all races. Too much time has passed to retain old hatred. "If we really love our children and our grandchildren, we must do everything in our power to save them from the horrors we once experienced." It is this spirit of reconciliation which infuses the book and makes it at heart not a horror story but a testimony to magnificent human qualities.

It is probably unfair to read Christabel Bielenberg's *The Road Ahead* immediately after a book describing life lived at the edges. The first part of Mrs Bielenberg's autobiography, *The Past Is Myself*, was itself set in wartime Germany and told of an Englishwoman's extraordinary experience married to a German during that terrible period. Rightly, it became a best seller. This second volume is a quieter affair altogether, as peace unravels fear and the Bielenbergs plan a new life in Ireland.

Ironic and well written, her book describes their problems as novice farmers when the enemy no longer comes in Nazi uniform but wears a woolly coat and has a way of escaping to the far horizon. Gradually her story turns into a comfortable family saga.

Rachel Billington

An elegant record of dangerous living

UNLIKE most Indians, the Nehrus were great preservers of paper. That such a large number of the pre-1947 letters have survived is indeed fortunate – some were lost in police raids on the Nehru household in Allahabad, but the bulk survived. The present volume is a sequel to *Freedom's Daughter*, published in 1989. In both, we get rare insights into deep family bonds and commitments. Sonia Gandhi has skilfully and lovingly put together a unique correspondence recording the public and private lives of two remarkable people.

Nehru wrote elegantly and stylishly. Even when he was being didactic he was never dull or dreary. Indira Nehru (as she was till 1942) inherited from her father a profound respect for books. She was exceptionally well read. Like her father she was a lover of words and phrases, a great stickler for grammar and syntax. Her style was less introspective but more trenchant. It evolved over the years and acquired a pace, tone, rhythm and voice all its own.

At the end of *Freedom's Daughter* we left Indira ill in a sanatorium in Switzerland, mostly confined to bed. She had pleurisy, was 22, lonely and depressed. It was war time. Mail was disrupted; letters took weeks to arrive. She greatly missed books and asked for some. Nehru, who was then out of prison, sent her books and observed "to suffer from lack of books and papers is something that never struck me. I know well how I would feel if I had to do without books. I could bear almost anything but that."

Then we come across an amazingly candid letter from Nehru, who at this time was in one of his, to borrow Churchill's phrase, "black dog" moods. On March 11, 1940 he wrote: "Public and private life act and react on each other,

TWO ALONE, TWO TOGETHER: LETTERS BETWEEN INDIRA GANDHI AND JAWAHARLAL NEHRU, 1940-1964
edited by Sonia Gandhi
Hodder & Stoughton £30, 697 pages

and this sense of failure has pursued me in almost all I do. With this lack of faith in myself, how can I advise anyone? What right do I have to interfere in another's life? I have not made my own a brilliant success and all my good intentions, or so I imagined they were, have not prevented me often from making a mess of things..." Seven years later he was Prime Minister.

Indira Gandhi recovered and returned to India; Nehru was back in prison. Their first meeting did not go well and caused Nehru much anguish. The crisis was obviously serious. Daughter to Father from the Himalayan hill station, Mussorie: "I am in the throes of remorse and regret... Is it any use saying forgive me? I can only hope and pray that this will be a lesson for me to be less stubborn... And so the erring child asks for forgiveness, and asks too that you believe her when she says that she loves you... Tous les jours je t'aime davantage, aujourdhui plus qu'hier et moins que demain." Next we have wonderful letters prior to and following Rajiv Gandhi's birth in 1944. Nehru was again in jail.

Then came Independence in 1947. Inevitably this brought vast changes in the lives of the family. The rebel and the non-violent revolutionary became the ruler and the reformer, the agitator the administrator.

These letters bring back the memories and turmoils of a bygone era and a lost way of life. Their tone is so civilised, the approach to life so daring at one level, so restrained at the other. And what is so appealing is that politics does not consume their entire lives.

Literature, poetry, love of beauty and nature, travel, photography, a zest for life in the most adverse circumstances, mark them out as exceptional people. These are not dreary, dismal, self-pitying, one-dimensional, professional politicians, but sensitive and beautiful human beings, who like to live dangerously.

K. Natwar-Singh

Beach boy troubles

WITH SOME rock musicians, you can hear their doom in the music. Janis Joplin's voice, Keith Moon's drumming, Jimi Hendrix's guitar – self-destruction provided them with a steady back beat. There is very little such evidence in Brian Wilson's work although, as his autobiography proves, the founder and creative force behind the Beach Boys has led a tortured existence of drug use, schizophrenia and legal tangles that belies his music's resolute sunniness.

Wilson, born in 1942, was raised in a modest L.A. suburb, the sort of place that provided legions of well-scrubbed teenagers for the early years of rock 'n roll. His childhood, however, was anything but sunshine and the girl next door. His father was a bitter, failed musician who abused Wilson horribly; not surprisingly, the boy became moody and withdrawn, his only solace coming from the family piano.

In 1961 he organised his brothers Carl and Dennis, cousin Mike Love and friend Al Jardine into the band that was to be The Beach Boys. They seemed to be going nowhere until it was suggested that Brian, who hated the ocean and did not even have a driver's licence, focus his already prodigious talents on the teen fads of surfing and hot rodding. His next effort, written when he was 19, charted. The rest, as they say, is history. A

WOULDN'T IT BE NICE? MY OWN STORY
by Brian Wilson
Bloomsbury £17.99, 390 pages

string of singles like "Help Me Rhonda" and "I Get Around" broke all sorts of sales figures. By the time he was 24, with the Pets Sounds album, the group's best, Wilson had earned his place as one of the most prodigiously talented writers and producers of the rock era.

All was not sweetness and light, however, and the patterns of mental illness and substance abuse that were to plague his later years had already been established. To make matters worse, rock changed, with psychedelia and R&B swamping the surfing sound. Wilson tried to keep up, but then went into a creative and personal slump that saw him at one point spend almost three years in bed, ballooning up to 340 pounds and suffering from schizophrenia intensified by massive drug use.

The low point came in 1982 when the rest of The Beach Boys, who had started out as little more than a backing band for Brian, fired him from the group. Rock martyrdom was avoided with the intercession of Dr Eugene Landy, an unorthodox psychologist who bundled Wilson off to a Hawaiian retreat and took him through a radical cure that has brought him back to life.

Wouldn't It Be Nice? is a morbidly fascinating read, especially the early sections, with their blend of the American Dream of rock stardom and the American Nightmare of the fractured family. Where the book proves far less interesting is in its later chapters, which deal with Wilson's recovery and the incessant squabbles between The Beach Boys and Dr Landy. Though Wilson had some mighty battles to fight in order to save his mind and his life, you cannot help but wish that he would seem more aware that, unlike most troubled souls, he was able to face his demons at an idyllic Hawaiian retreat surrounded by a squad of psychologists, nutritionists and personal trainers with a half-million dollar budget.

Stephen Amidon

Demise of a shady genius

CHRISTOPHER Marlowe's end offers an inviting subject for inventive speculation. Here the author admits candidly that his is "an attempt to fill in with probabilities and speculations and sometimes with guesswork. I am not telling a story but presenting a complex and rather painstaking argument".

Painstaking, certainly. An historian of the period can agree that the author has done his homework well, has pursued the careers of the poet's shady companions into the underground, and come up with some new facts concerning them, for what that is worth.

The title of the book refers to the dispute and scuffle at table over "le reckoning", according to the coroner's inquest over Marlowe's body. William Shakespeare knew how he came by his end, and uses the same word in his reference to it in *As You Like It*. But was it "murder", as this enthusiastic explorer of the background has it in his sub-title – and as he implies all the way through – "the killing" of Marlowe, "the stabbing", as if it were intended? "We arrive at a conspiracy", etc. Nobody thought so at the time.

Dr William Urry, who knew more about Marlowe and his Canterbury background than anybody, went through the jurors at the inquest with a

THE RECKONING
by Charles Nicholl
Cape £19.99, 413 pages

tooth-comb. He found what a respectable body of citizens they were, perfectly satisfied with the evidence as to what happened that deplorable day in May 1593 in Eleanor Bull's house at Deptford. Marlowe and his companions had been there all day, eating and drinking. At the end of the day there was a dispute over the reckoning. From lying on a couch Marlowe aimed a blow with his dagger at Ingrain Friezer, who wrested it out of his hands with a blow which, alas, killed him.

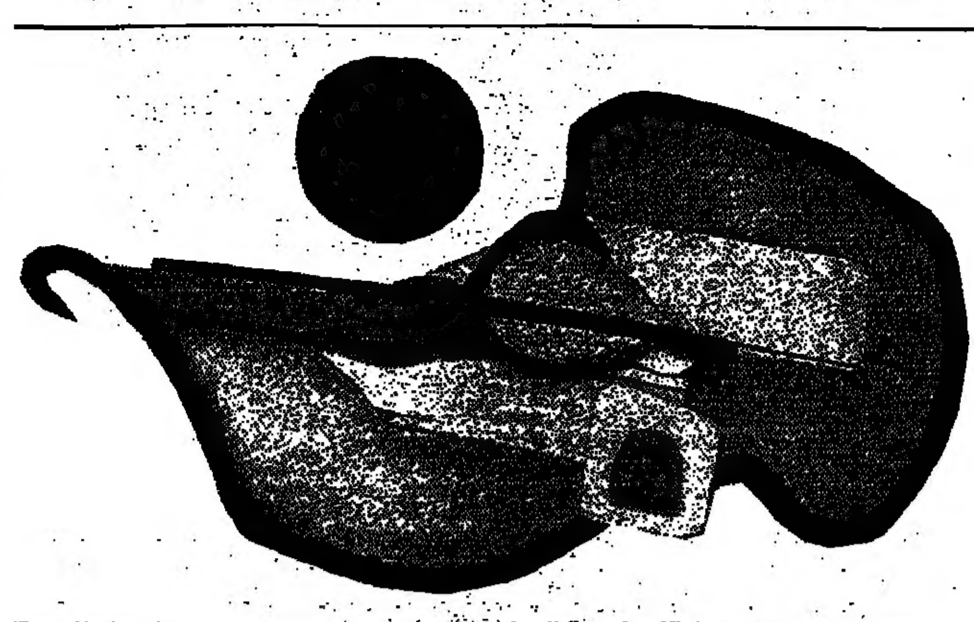
There was nothing mysterious about it. Many people knew what Marlowe was like. He had been involved in affrays before, and knifings – in one of which somebody else was killed. We learn that he was "given to sudden privy injuries to men" – quick on the draw, as we would say.

Marlowe was known to be an unstable, questionable personality, not only devoutly homosexual but – what was more dangerous – aggressively undevout about religion. He was in every way heterodox, rebellious against convention. People called him an "atheist"; actually he was an intellectual deist, who had no use for conventional religion.

The one thing that remains important to us now is his wonderful genius: dead at 29, he was the greatest loss our literature ever suffered.

A.L. Rowse

ARTS



'Dove Harbour' by Janet Nathan, which was wrongly attributed to Kiefer in Tuesday's paper

Abstracts from the scrap-heap

***William Packer** reviews Janet Nathan and other constructivist exhibitions*

JANET Nathan is an artist who makes reliefs. Is she a sculptor turned painter, or painter become sculptor? And is what she makes an image or an object? Has she moved from the imagined and internal pictorial space and the single point of view that it commands, to the object celebrated for itself in the physical world, or the other way about? Is her work representational or abstract?

To ask such questions is only to confirm her contrariness. Her material is what she finds on the scrap-heap or in the skip, for the most part scrap wood with occasional bits of metal. Yet this is no absolute dependency, nor any fixed rule, for she has always been prepared to contrive the particular element if none comes to hand, or to modify or distress it as need be, painting or polishing or scraping it down. And nowadays she almost always uses synthetic resin, most artificial and contrived of all, light and translucent, by which to fill the amorphous, organic spaces left within the composition.

As these reliefs have become more worked and contrived, so they have become at once more dense and physical, and more pictorial. That is not to say that they are descriptive pieces, in any sense objectively observed, but rather that the associative and symbolic qualities of abstract image and formal composition are readily accepted. The ever-present disc, red, blue or whatever, must stand for sun or moon; the insistent horizontal device soon becomes itself the true horizon; the repeated serpentine or cursive profile can suggest the ebb and flow of water.

The landscape connotation, the particular watery landscape of marsh and estuary, is inescapable. "Saltfleet", "Naze", "Whisper Creek": the titles tell their own story. And yet abstract they remain, objects hanging on the wall, confident and authoritative in their presence, and beautifully made. The contradiction is all.

★

The same contradiction is nicely pointed in its historic context by the *Non-Objective World* at Kettle's Yard, Cambridge. The material in every sense was to be used only in its proper quality, line as line, colour colour, form form, stuff stuff, and Miss Nathan's constructivist credentials, through the romantic, intuitive line of Kurt Schwitters and his collage and *merzbild* are sound enough. And yet how delicate and physical, how imaginatively particular and free, how unschematic these things are, by Mondrian and van der Leck, Malevich and Kupka, Arp and Hepworth, for all their principles. The imaginative possibilities come flooding in.

Over these past 20 years or more, Annely Juda's main summer offering at her London gallery has been a substantial study of this material in one or other of its aspects. Indeed she set the critical debate at a time when early 20th century abstraction, and constructivism in particular, was far from fashionable, and has seen her acuity and judgment confirmed a hundredfold. London has been spoilt too long, and it is only right that this year the country at large should benefit by this touring show, which Mrs Juda has herself selected.

A short walk away, at Jesus College, the present Master, Colin Renfrew, with the full support of his Fellows, has again brought a selection of contemporary British sculpture into the college gardens. This has become a biennial exercise, now celebrated for the third time, and is unique in our universities. The opportunity is patent, the lack of emulation by other colleges sadly no surprise, yet Jesus deserves perhaps even more congratulation in the event than for its splendid initiative. This was from the first a serious business, the artists carefully chosen and invited to work to a particular site, even to make the piece within the college. So a Gormly figure now lurks beneath the great tree in the Fellows' Garden, a Long slate circle fills a cloister, a Mach assemblage plays music to itself in its ancient corner. Michael Archer, Richard Bray, Diane Maclean and Nina Saunders are the other artists. A Flanagan horse was acquired from the first exhibition, a small totem by William Turnbull from the second. In this respect too, the intention is to continue.

■ *Janet Nathan – Constructions:* The gallery at John Jones; Unit 4, Morris Place, Finsbury Park N4, until July 25. *The Non-Objective World:* Kettle's Yard, Castle Street, Cambridge, until July 19 – then on to Swansea, Liverpool and Kendal: a South Bank Touring Exhibition sponsored by British Telecom. *Sculpture in the Close:* Jesus College, Cambridge, until August 1.

Video

Laying the ghosts of the past

YES, IT is American Independence Day. But will America ever be independent of its past? In an intriguing new book by Dr Gertrude B. Atavus called *America And Its Ghosts* (Princeton Press), the author suggests that the closer America comes to the millennium's end – only 7½ years to go – the further back American culture will continue to reach in order to lay the ghosts of the country's historical past.

It is fascinating, in this light, to browse through July's movies on video. Robert Benton's *Billy Bathgate* performs exorcism rites over the golden age of gangsterdom with Dustin Hoffman as a barking mad Dutch Schultz in this intermittently stylish adaptation of E.L.Doctorow's novel. Mike Figgis's moody thriller *Liebestraum* is about a haunted small-town department store and the spooks of a long-ago sexual scandal and murder. In *For The Boys* Bette Midler and James Caan are a song-and-dance team trouping through US history from the Second World War to the present day. And Sean Penn's film-making debut *The Indian Runner* is the powerful tale of a good and a bad brother (David Morse, Viggo Mortensen) haunted by a past that ranges from ancestral Indian memories to Vietnam.

Penn's film, the best of the bunch, should silence those who regard him merely as an ex-Madonna appendage with a talent for delinquency. *The Indian Runner* has its share of mumbled dialogue and crumbly structure. But it is also vividly believable. This is a back-of-beyond town sighing with recessionary despair and prairie winds: a place where the oldies (Sandy Dennis and Charles Bronson as the boys' parents) deal out wisdom they do not believe, while the youngsters seek the point where the new America started to grow away from the old.

No art has more facility than cinema in dealing with the past. It combines the expositional fluidity of literature with the emotional immediacy of music. It presents dream, memory and reality alike as a tactile continuous present. If you were to devote your viewing month to one film only, it should be to Andrei Tarkovsky's *Nostalgia* (Artificial Eye). The writer hero (Oleg Jankovsky) is a Russian self-exiled in Italy, as Tarkovsky himself was at the time. Through landscapes brittle with ruin, he wanders, remembers, dreams; he yearns for his family and homeland; and he performs surreal acts of faith as in the extraordinary sequence of his walking across an abandoned hotel spa pool with a guttering candle that must stay alight.

This is a candidate for my favourite scene in modern cinema. You can detect the actor's own nervousness as Tarkovsky, unseen and unheard, demands that he enact the impossible. As the minutes tick on, the flickering candle grows from a single, potentially glib emblem of human faith into a hypnotic dramatic and symbolic epicentre.

In a Hollywood-dominated age, serious world cinema has too long played Cinderella to the seven ugly sisters (Columbia, Paramount, 20th Century Fox and Co). How good, then, to hear that the British Film Institute in collaboration with Piper-Heidsieck Champagne is about to launch on video a Classic Film Collection. The aim, they announce, is "to increase access to the best of world cinema by creating new prints in pristine condition, available for authorised screenings."

Two hundred films are planned for release over four years and the first three "seasons" will consist of British Hitchcock, Early Kurosawa and The Freed Unit (alias the vintage MGM musicals made under music chief Arthur Freed).

The good news here is not just that these classics will be available – some are already – but that they will be restored and springcleaned. As all devout home viewers know, we are prone to the suspicion each time we take out a video that we are seeing the worst run-off of the worst copy of the worst print in history. Often this is true, and it is no way to respect the cinema's past. As Dr Gertrude B. Atavus says in her book, "The past is not a mere prefix to the present, dusty and disposable, but a living part of its syntax, significance and sensory system."

Nigel Andrews

The forgotten Impressionist

The RA is holding the first major retrospective of Sisley's work. ***Faith Glasgow** reports*

THE IMPRESSIONISTS have basked in popularity in recent years. The record-breaking attendance of the Royal Academy's *Monet in the 90s* exhibition, for instance, saw well over half a million visitors shuffle through the galleries in the autumn of 1990.

Yet Alfred Sisley has been bypassed. With Monet, Renoir and Pissarro, he founded the Impressionist movement, and of them all he clung most unwaveringly to its original principles in his landscapes, but has been overshadowed by the others.

This month the Royal Academy is mounting the first major retrospective of his work since his death in 1899, and two books on the artist have been published to coincide with it. But why has Sisley been relatively overlooked for so long? Vivienne Couldrey, in her book *Alfred Sisley: the English Impressionist*, offers the provocative suggestion that his dual nationality worked against him. He was born in France and spent his life there, yet his parents were English; maybe he was looked upon as an English landscapist by the French, but never became a familiar name in England during his lifetime because he was so rarely there.

Well, maybe. Although Sisley was described as "essentially French in his manners, tastes and ideas" by his contemporary, the art critic Theodore Duret, overtones of the English landscape tradition – particularly that of Constable – percolate through his work. Like Constable, Sisley was interested in exploring and mapping out a location through his paintings, producing whole series of local views in his search to capture the spirit of a place.

But no direct reference to Constable has been found, and the curator of the exhibition Mary Anne Stevens stresses that "we have to be tentative in drawing such inferences." Delacroix, Millet, Rousseau, Courbet, and – in Couldrey's view most importantly – Jean-Baptiste Corot were the influences Sisley himself cited at the end of his life.

However, his relative obscurity probably hinged more on other, less oblique factors than a crisis of nationality. The whole group suffered years of implacable hostility from the Paris art establishment; but Monet and Renoir had come into their own by the 1890s, vigorously cultivating a network of dealers prepared to show their work. By then, though, Sisley was not there on the frontline. He became increasingly reclusive through the 1880s and 1890s, settling away from Paris in Moret-sur-Loing and apparently resigning himself, in Pissarro's sad words of his own similar prospects, to "remain at the end of the Impressionist line."

But it was not simply a case of not being in the right place at the right time. Unlike the others, he did not stray from the path of pure Impressionism which they had all trodden together in the 1870s. Sisley, though, did not deviate. Until the end of his life he continued to produce landscapes, working directly and almost exclusively from the motif (unlike Monet, for example, whose paintings show evidence of much subsequent tinkering in the studio). His finest paintings are sensitive, tranquil, understated records of local landscape, in which figures take a back seat to the elements of nature he loved to paint – skies, water, snow scenes. Attractive, easy on the eye, without doubt; but in Stevens' words, "not as aggressive, tough, or visually irresistible" as the work of the other Impressionists. And Sisley's character, like his art, was not that of a trail-blazer. "Sisley's gift was gentleness . . . he was a delightful human being," reported Renoir. But his modest and charming nature in itself probably worked against the recognition he sought, especially as he grew older and more withdrawn in the face of continued lack of response to his work. Self-promotion did not come naturally.

'Ferry of the Ile de la Loge: Flood', 1872, by Alfred Sisley

Indeed, perhaps the principle reason for Sisley's low profile to date has been the lack of information on his career or personal life. He left only a paltry collection of uninformative notes, most being requests for money to the art dealer Paul Durand-Ruel, who supported him financially for much of his impoverished existence. He did not keep a diary; nor are there many illuminating eyewitness accounts of his public life.

He always seemed rather a grey figure in comparison with the others of his time," says Mary Anne Stevens, "so putting the exhibition together has been a revelationary learning process", involving a great deal of original research.

The exhibition may well catch the imagination of the public If so, it should go some way towards putting right the injustice that Monet recognised in his old age after many years of public and establishment scorn: "Three of us - Degas, Renoir and I, have had our revenge. We can say we have had a happy life. The others died too young. Sisley (was) misunderstood."

■ *The Royal Academy's exhibition, which will be reviewed by William Packer on Tuesday, runs July 3-October 16; the accompanying catalogue, published by Yale University Press, costs £35 (hardback) or £18.95 (paper). Vivienne Couldrey, Alfred Sisley, The English Impressionist, is published by David & Charles at £40.*

Chaos and Casablanca

WHEN A man reaches 50, he has a decade or so to go before the gold watch and carpet slippers. When a movie reaches 50 and people still watch it, it has transcended age and found immortality. New generations will pour into cinemas to gape at that accident of nature called a Hollywood classic.

Why are such films accidents? Because no single mind designed them. *Casablanca* is one of those multi-author lucky strikes, like *Gone With The Wind* and *The Wizard Of Oz* and *Singin' In The Rain*, which pour scorn on the long-established and increasingly discreditable Auteur Theory. Who could possibly be the "author" of a movie with two directors, one quarrelsome and capricious producer (Selznick) and umpteen indecisions of casting (*Gone With The Wind*)? Or of a film with nine screenwriters and four directors (*The Wizard Of Oz*)? Or of a screen musical whose two writers and two directors were told to string a light comedy plot around a bunch of pre-existing, never-popular-before songs (*Singin' In The Rain*)?

But the grandaddy of all Hollywood's accidents of nature must be *Casablanca*, which returns to our screens next week in a new print specially struck for the film's 50th anniversary. I once researched *Casablanca* for a radio programme. As if I were not in love with it already I fell in love again on realising the utter mayhem of its genesis. It confirmed my deeply-held creed – I was born and shall die an anti-auteurist – that great popular cinema is too complex to be devised by any one human agent, only by fate working through divine mischance.

Poring over Warners Studio files in the University Of Southern California, I learned that *Casablanca* originated in an unproduced play; that it was at first considered quite unfilmable; that its makers had a chronic attack of political nerves as they wondered whether the film should be nice to the Nazis (pre-Pearl Harbour) or nasty (after); and that it went through agonies of casting unrivalled since *GWTW*.

George Raft was first choice for the Bogart role. Ronald Reagan might have played Paul Henreid's freedom fighter. (Connoisseurs of prophetic lexical coincidence will note that Casablanca is Spanish for White House). And Ann Sheridan came within a coat of nail-varnish of playing the heroine, who was then called "Lois" and was a low-life broad who had two-timed Rick back in Paris. When Bergman moved in, the Swedish actress changed the heroine's name, history and character. As Ilsa and Laszo, she and Henreid could waft clouds of dignified Euro-provenance into the film while Bogart growled away as Our Man in the Casbah.

The blessed accidents multiplied. No one knew how the film would end till the day came to shoot the last scene; though Henreid later claimed he had it written in his contract that he would keep the girl. None of the screenwriters still living remembers who wrote any of the famous lines: the ones about gin joints, hills of beans and rounding up the usual suspects. Best of all to the collector of Chaos Theory memorabilia is the revelation that Dooley Wilson's Sam, of "Play it again" fame, might have been a Samantha. Ella Fitzgerald was the early favourite for the role.

Second choice: Humphrey Bogart in Casablanca

Even the song "As Time Goes By", a good decade old even when the film was made, was under threat. It was a non-favourite with Warners composer Max Steiner, who wanted to throw it out and compose something fresh himself. He knew all about royalties.

In short, chaos. But does anyone still believe that popular American films are made any other way? Years of burrowing into archives have taught me that intentionalism has no place in Hollywood cinema. Let me illustrate by a story each from the films I rank alongside *Casablanca* as the great celluloid flukes.

In *The Wizard Of Oz* Buddy Ebsen would have played the Tin Man if he had not contracted aluminium poisoning and been rushed to hospital after his first make-up trial. The role went to Jack Haley. Ebsen, whose gangling dance style was more individual than Haley's, might have radically changed the balance of the supporting cast. (Ebsen, though, has had the last laugh: he is still alive today when everyone who had a major speaking or singing role in *The Wizard* film is dead.)

In *Gone With The Wind* the homosexual director George Cukor, who began the movie, would have completed it if Clark Gable had not had an attack of homophobia and referred to the director as "that fairy." Exit Cukor: enter Victor Fleming, who came to *GWTW* after cutting short his work on a previous project. Which was? *The Wizard Of Oz*. In *Singin' In The Rain* the rainswept title number, guaranteed to give the performer a cold or 'flu, was performed by a man who had both already. Gene Kelly was running a temperature of 100 as he danced under an acre of black tarpaulin while the soundstage faucets spurted on and off at the whim of a water-pressure crisis caused by an L.A. dry spell.

There is, of course, a difference between the fundamental anarchy of cast changes, script changes or director changes and the minor shambles of a great dancer-singer with the 'flu. But the point is the same: chaos is the natural state in which a multi-collaborative art like cinema, especially Hollywood cinema, operates. What guides a popular movie project towards greatness is not the "single hand on the tiller" beloved by auteur theorists but the convergence of happy accidents. Even Kelly's 'flu in *Singin' In The Rain* is a *felix culpa*. It surely helped to define and refine that head-cold voice which was born to warble under a downpour.

As for *Casablanca*, the guiding hand was not director Michael Curtiz nor producer Hal Wallis nor any of the conveyor-belt scenarists rolled in and out of the studio's famous Writers' Block. It was the snowballing effect of a runaway kismet. Set a promising story on the right slope, make sure that on its downhill run it bumps over a good selection of stars, script-lines and subplots, and you have a chance in a thousand that it will become a popular perennial. No more precise prescription is possible. The rest is up to the great mogul in the skies.

Nigel Andrews

Radio

No dramatic change

RADIO 4 was wise to bring forward *Maxwell: the Last Days* as they did, for it took less a personal than a financial view, and such concerns are now only too familiar to those involved. Perhaps a more personal approach might have been better. Alfred Marks sounded right in his few lines as Maxwell (I never heard the original), and BBC drama company players took little parts as chauffeur, barber, secretaries and so on. But the programme, written by Mike Walker with financial information from Caroline Bayler, and narrated by Valerie Singleton, was not as dramatic as the events themselves.

There were no new disclosures in the account of Maxwell's financial duplicities in the last years of his life, the directorial chess-playing – none, at any rate, to anyone who has read the series in these pages leading up to the account of Maxwell's last days given on Friday of last week. The account followed posthumous events as far as the will and the later arrests, and Radio 4 did well to produce the programme as soon as they did. In older days, the script could have been broadcast live only a few days after it was written. Can that not be done now, for such commentaries on current affairs?

Surprisingly, I found *The Thirty-nine Steps* (Radio 4, Monday), less entertaining than *Witchwood* last week. The snag is that Buchan's story clings so closely to Richard Hannay that Peter Buckman's adaptation suggested too often a reading from the novel. There was a lot of action, but reported rather than represented. Hannay, in flight from an expected charge of murder, twice takes an express train, once a small local; he steals a forty horse-power, thousand-guinea motor-car and crashes it; but we only know because he tells us.

Impersonated by David Rintoul, he certainly tells us many exciting things, though he never actually describes how you hood your eyes like a hawk, as the top German spy used to do. The smaller parts are picturesquely played, with some Scottish speech that sounded right enough for me, though I've not been to Galloway for ages. The eponymous steps led up to a seaside villa in Kent, but perhaps I shouldn't have told you.

Most of the impending changes on Radio 3 announced by Controller Nicholas Kenyon this week naturally involve music, and they largely deal with schedules. They will be very unpopular with many listeners – not because they are wrong, but because changes of any kind are always disliked. It is too bad that Chris Dunkley's *Feedback* goes out too late this week to get into today's notes.

One change already evident is that music announcements are more often amplified with relative fact or opinion, as if we were using a magazine. Soon enough we *shall* have a magazine, the *BBC Music Magazine*.

The reduction of drama to one play a week has already provoked a bunch of contemporary playwrights to voice their indignation in *The Times*. I wonder if they have noticed how often at least one of the current weekly two is a repeat of an old production. With the addition of the *Season 3* for short experimental drama it may be that writers are less affected than they think. The weekly science magazine is to be continued, at any rate.

However much one may disagree, one must reserve one's judgments until after the changes have begun, and this will chiefly be in September. It is hardly likely that any flood of public indignation is likely to have any effect between now and then.

B.A. Young

Saleroom

Old Masters are back in fashion

***Susan Moore** on next week's important London auctions*

ON WEDNESDAY Sotheby's auction Rembrandt's portrait of the preacher and theologian Johannes Uyttenbogaert. The canvas, signed and dated 1633, is one of perhaps 50 paintings by the master in private – but not royal – hands. It comes with an impeccable pedigree and, more crucial, the blessing of the famously debunking Rembrandt Research Project. Unlike the Rembrandt which failed at Christie's in April, it also comes with a reasonable estimate: £3m plus. The emphasis is on the plus.

Its fate will be seen by many as a litmus-test of the state of the so far remarkably resilient Old Master market. It is a sombre, serious picture. Uyttenbogaert is portrayed after his return from exile and towards the close of what had been a dramatic and turbulent life. The young Rembrandt focuses on the careworn face and captures all the sitter's human vulnerability. He might almost be sheltering behind his crisply painted ruff.

There has been a steady stream of requests for condition reports on the picture, all from private collectors. Sotheby's is no doubt cheered by the fact that the "Daniel and Cyrus before the Idol of Bel" at Christie's had been bought in for £6m, a more than respectable amount for the jewel-like but small canvas.

In a reversal of the current trend, it is Sotheby's that offers the most interesting paintings sale of the London Old Master season. Of particular note, too, is Guido Reni's brooding "David with the head of Goliath", believed to be the documented second version of the picture painted in 1631. The subject-matter, with its homoerotic overtones, is quintessentially Caravaggesque but the manner in which it is interpreted is Reni's own.

Despite museum interest in the picture, its fate is perhaps harder to judge. The pre-sale estimate has been dropped to £1.6m-£2.5m, the lower end of the estimate less than the record price the painting fetched after it was first discovered and sold by Sotheby's in 1985. The National Gallery in London had hoped to acquire it then, and it has been on loan there – and much admired – more or less ever since.

Whispers abroad to the effect that the picture is actually by The Divine Guido's pupil Simone Cantarini would be more convincing if they were based on a knowledge of the latter's work rather than a desire to use him as an art historical dustbin. In any event, the quality of the picture speaks for itself – and against an attribution to Cantarini.

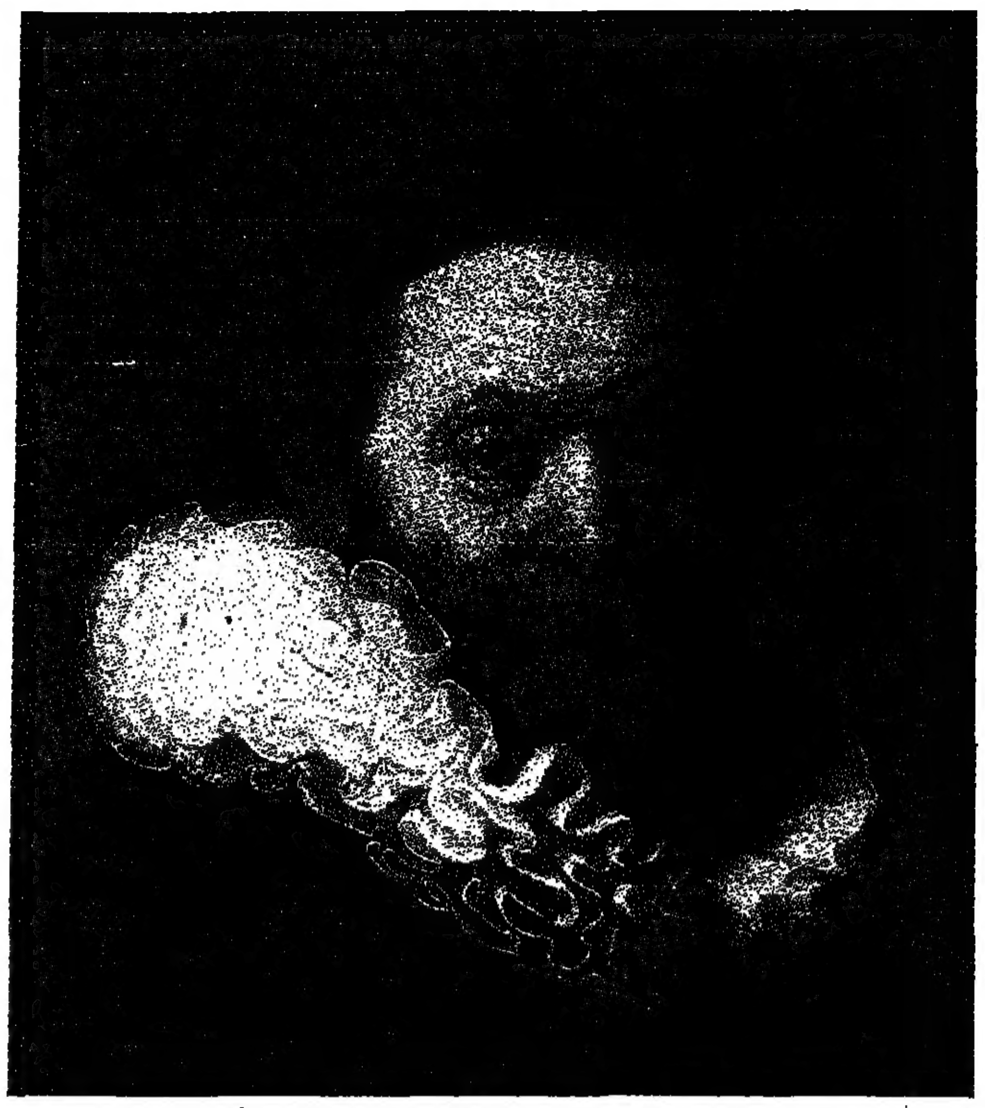
A hitherto unpublished Lucas Cranach the Elder of a female personification of justice, is another highlight. It is a highly unusual subject and one not without irony. Cranach's all but naked Justice is a sensual, languid creature. How striking to have a representation of a virtue that inspires vice. She comes with an estimate of £350,000-£450,000. Again the estimate compares favourably with the £506,000 paid for a less alluring Cranach portrait at Christie's in April.

Procaccini's dangerously smiling Judith with the head of Holofernes, is another high quality, unpublished piece. It is ludicrously under-valued at £25,000-30,000. Both it and the Francesco Cairo "Agony in the Garden" (estimate £100,000-£150,000) are reminders of the eccentric brilliance of the Lombard Baroque at its best.

The strength of Christie's Friday sale is in earlier – and later – works. A pair of predella panels by Giovanni di Paolo combine narrative innocence with pictorial austerity. The more entertaining of the two features an unidentified levitating saint. This is the sale's star lot, estimated at £1.2m-£1.8m. In gentler vein is Garofalo's tender Holy Family set in a dreamily romantic landscape (£100,000-150,000).

The gold ground panel of the Annunciation by Arcangelo di Cola da Camerino has the late-Gothic elegance that one would expect from a contemporary of Gentile da Fabriano. Will collectors be put off by the fact that it was sold, for $1.1m, in New York only two years ago? It now comes with a temptingly low reserve, and a lower estimate of £300,000.

Two of a set of four Venetian Canalettos are excellent witness for the case against museum deaccessioning. The Alte Pinakothek in Munich sold these two Grand Canal *vedute* in 1939 as they were then thought to be by Bellotto. No one now doubts the original attribution, and they are set to do well. There is every chance that they will exceed their estimate of £600,000-£800,000.



Detail from Rembrandt's portrait of Johannes Uyttenbogaert

Dazzled by the Magician

***Max Loppert** applauds the opening work in the new Almeida Opera season*

THERE ARE several reasons for cheering the arrival of *Almeida Opera*, the first collaboration between English National Opera's Contemporary Opera Studio and the Almeida Theatre Company. What this amounts to is a summer opera-festival offering two new operas, a double bill containing a third new opera, and a thematically linked scheme of chamber concerts; and what it promises is the revival of at least a portion of the contemporary music-theatre excitements regularly tasted in the small Islington theatre when the much-missed Almeida Festival was in full spate.

It was launched on Thursday, with the strongest possible form of advocacy for the venture – a dazzling piece of modern music-drama, dazzlingly executed. Stephen Oliver's *Mario and the Magician* was first shown at the 1988 Musica Nel Chiostro Festival at Batignano; it receives here its British first performances.

Oliver, who died two months ago at the age of 42, was a complete theatre-man. This adaptation of the 1929 Thomas Mann novella, for which – as was the usual Oliver practice – he wrote both words and music, supplies still another cause to lament his horribly early death. Yet this small, sharp, vital opera comes at exactly the right moment to provide a perfect example of his rare gifts, and so celebration is also in order.

Several previous operatic approaches have already been made to *Mario und der Zauberer*; last month Andrew Porter reviewed on this page the Toronto premiere of the most recent – Harry Somers's three-hour version for large cast and orchestra. Oliver's 75-minute one-acter is expertly planned and paced, effective in all the good senses of the word; in it he has preserved Mann's short-story scale, the picaresque atmosphere of the Italian seaside resort, the hints of growing Mussolini-era intolerance beneath the surface.

He does this as only a real opera-creator can: by means of compression and juxtaposition of incident, alteration of a few of Mann's narrative details and excision of many, and above all a gift for making his music expand the subject matter.

The opera is basically a chamber scherzo with sinister edges and allegorical undercurrents, shaped in unequal halves separated by a short instrumental interlude. In brief, accurate scene-setting detail the first "half" touches in the holiday sojourn of the German narrator and family (here changed to a widow and daughter); the second unfolds the conjuring show of the Cavaliere Cipolla and its violently dramatic conclusion.

Skilfully inflected "tones of voice" rich in many-layered irony are achieved in the musical styles that carry the scheme forward: principally a concentrated, uneasily late-Romantic lyricism (big melodic phrases underpinned with piano accompaniment directly influenced by Britten's *Death in Venice*), a perky burlesque-Stravinsky evoking the magic-show conventions, and a vein of half-serious chromatic spookery limning Cipolla's hypnotic tricks.

When *Mario and the Magician* was first shown at Batignano, the reviewer in *Opera* deemed it a "smart little shocker" and praised Oliver's Puccini-like confidence in building toward a *coup de théâtre*. The praise deserves repetition but also amplification: for the experience is more substantial than the word "shocker" may suggest, depending for its fullness on a light-fingered treatment of subject and symbol (Cipolla's unnatural power compared to Mussolini's), an acute balance of comedy and melodrama.

The opera delights, grips, disturbs; it never hectors or stuns its audience into submission. Oliver's exactness of aim and achievement has been exactly mirrored in the playing of Almeida Ensemble under Nicholas Kok, and in Tim Hopkins's production. A tilted circular ramp (designer: Nigel Lowery) serves excellently as springboard for the scenic transformations, and for the intensely physical activities of the 14-strong cast. The economy of the staging carries its own potent magic, which (of course) is also Oliver's; the intimacy of the Almeida offers an ideal setting.

Cipolla (baritone) affords Richard Jackson endless opportunities for slimy smiles and sidling motions, pregnant moments of stillness, myriad vocal and verbal half-lights. He seizes every one with the unarguable authority of a virtuoso (and a neat conjuror to boot). The other significant roles in what is essentially, and outstandingly, a tight-knit ensemble show go to Paul Nilon, Lynne Davies, Annemarie Sand, Garry Magee and the actor Jonathan Burrell (in the non-speaking part of the waiter Mario, Cipolla's final victim).

I predict long queues at the box office for the remaining four performances: this *Mario and the Magician* scores a palpable hit.

(Almeida Opera until July 18; principal sponsors the Peter Moores Foundation)

The best of Broadway

***Karen Fricker** sums up the New York theatre season*

IT HAS been a much better season for musicals than plays on Broadway, but there were a few bright spots among this season's openings. The best play on Broadway, according to the Tony Awards and also popular wisdom, is Brian Friel's *Dancing at Lughnasa*. The original actors from the Abbey Theatre of Dublin departed in March, replaced by a mostly American cast, which, word has it, is doing an excellent job.

Though flawed, August Wilson's *Two Trains Running* is certainly the best new American offering on Broadway this year, benefiting from excellent performances including that of a rising young star Larry Fishburne *(Boys in the 'Hood)*, who won the production's only Tony, for best featured actor. *Two Trains Running* is the latest in Wilson's ongoing series of plays each devoted to a decade of the African-American experience.

The play records a week in the life of the denizens of a Pittsburgh cafe in 1969. It is not an overtly political play, but Wilson addresses the era's politics obliquely in the characters' varying methods of coping – or not – with life in the white man's world. The cafe's owner, Memphis Lee, is determined to get his fair share from the city's plan to raze the area for an urban renewal project. His waitress, Risa, (Cynthia Martells) smolders with angry ideas that she can only communicate through her gait as she shuffles languorously around the cafe; she ain't speeding up for nobody. Sterling, (Fishburne), an ex-con, is trying to put his past behind him but can't find work. Hambone, a disturbed drifter, wants justice in the simplest way; forever focused on a ham a white man denied him as payment for a job, he can only say "I'm gonna get me my ham!" until Sterling teaches him "Black is beautiful".

The interest in *Two Trains Running* lies in in the elegance of Wilson's language, his skill in creating memorable characters who reveal themselves through lengthy monologue and symbolic gesture, and in the excellence of its artistic team. Wilson and Richards' fruitful collaboration has included the writer's last five plays: in *Two Trains Running* the connection between play and production is seamless. The performers are wonderful. Fishburne and Martells' chemistry is palpable, and not enough has been said about Al White's energetic performance as Memphis.

Two Trains Running is short on plot and long on talking, and at three hours just plain long, but entering Wilson's world was aided by the predominantly black audience's enthusiastic, vocal response, which created a rare feeling of community.

The title of Herb Gardner's *Conversations with my Father* is a misnomer; it is not about conversations with but rantings by Eddie, a Russian immigrant who changes the name of his bar on Manhattan's Lower East Side every time America's cultural wind shifts, all the time denying his family's Jewish heritage. Gardner is clearly trying to exorcise his father's demons with this autobiographical play, but Eddie/Papa Gardner ends up dominating *Conversations with my Father* in a way that the author seems unable to control – the world of the play is hopelessly skewed by the father's perspective.

Conversations starts out in a familiar memory-play structure, with Gardner's onstage surrogate Charlie (Tony Shalhoub) giving a charming Yiddish-language lesson directly to the audience, but as soon as Eddie takes stage, Charlie retreats to the sidelines, watching helplessly as his father bullies his infant and adolescent selves and everyone else around him. Gardner also allows Eddie to relegate his wife Gusta to the kitchen, frustrating the audience who wants to better understand her relationship to the events of the play, and to enjoy more of Gordana Rashovich's wonderfully quirky performance. Hirsch, in his too-familiar curmudgeon mode, won the Best Actor Tony Award for his performance.

Some people go to 12-step recovery programmes to deal with their dysfunction. Neil Simon writes plays that end up on Broadway. His latest offering, *Jake's Women*, is theatre of and for the age of therapy, a comedy-drama of mostly imagined interactions between a successful novelist and his deceased first wife, his dissatisfied second wife, his daughter, his shrink, his sister, and his girlfriend.

This is tinker-toy Pirandello; Simon seems to be just now discovering theatre's capacity to question and reshape reality and memory that other playwrights have been investigating, much more effectively, for years. Simon's best plays, the *Brighton Beach Memoirs* trilogy and *Lost in Yonkers*, are full of the rich humour of real people in ridiculously human situations, but the characters in *Jake's Women* are too clichéd and the situations too predictable to be funny, and his gag lines are a poor substitute – they fall flat. Alda, like Hirsch, plays himself, and audiences are flocking to spend a few hours with that lovable sweater-clad persona.

Audiences will have to hurry to see the season's biggest star vehicles. *Death and the Maiden*'s producers are not sure yet if they will keep Mike Nichols' production running after Glenn Close, Richard Dreyfuss and Gene Hackman leave in August. Let's hope it closes soon.

More worthy of its hype is Gregory Mosher's revival of Tennessee Williams' *A Streetcar Named Desire*, with screen actors Jessica Lange *(Frances, Tootsie, Country)* as Blanche Dubois and Alec Baldwin *(The Marrying Man, The Hunt for Red October)* as Stanley Kowalski, which is closing in August. It is not a great production, but serves the play well enough to let Williams' superb craftsmanship come through. What the production lacks is atmosphere – a good *Streetcar* should make you sweat, but nothing, save Alec Baldwin's gutsy performance, so much as raises the pulse.

Baldwin doesn't banish Brando's memory (and who could?), but his portrayal is fresh and energetic, bringing a crude nobility to the role. In contrast, Lange makes her Broadway debut as if she were still playing for the camera; what she's doing is not all that bad, but is too quiet and too finely painted. Amy Madigan *(Field of Dreams)* as Stella is strangely mannered and her relationship with Stanley too lacking in passion, and Timothy Carhart *(Thelma and Louise's* would-be rapist) is far too dashing to play the lumpen Mitch.

Alec Baldwin in 'A Streetcar named Desire'

A Caribbean Odyssey

***Andrew St George** enjoys Derek Walcott's new play*

"MONSTERS, we make them ourselves." So ends *The Odyssey* at The Other Place, Stratford: selected stories from Homer over three hours with a cast of 16, a band and special effects. The text is by the Caribbean poet Derek Walcott, and direction by Gregory Doran. The result is a play, busy like the mackerel-crowded seas around Ithaca: attractive and lively fare.

Walcott's Caribbean tribute to Homer, *Omeros*, was the best long poem of 1990. His text for *The Odyssey* draws on the visceral language of *Omeros*. This, with inventive, energetic and lyrical direction attempts the impossible task of putting Homer on stage. Epic poetry is not theatre, but dignified verse and serious actions in narrative form.

The text is not inherently dramatic, for it deals with events that have already happened. In Homer, Odysseus hears of his own exploits from a poet, and weeps: "You sing so finely of the fate of the Greeks, all that they did and endured and toiled, as if you had been there yourself or heard it from someone who was." Epic asks "what happened then?" Tragedy asks, "what is happening now?"

The sandy set fronts a clear plastic screen. The costumes mix Greek and Caribbean, making the journey home to Ithaca more exotic. There is a wonderful storm scene before Scheria, a sexy sojourn with Circe, and a run-in with the Cyclops. The Underworld is a subway station, the Flatbush Avenue Express roaring past.

True to form, Odysseus (Ron Cook) is wily and Penelope (Amanda Harris) faithful; their qualities are challenged by an assortment of rejuvenated Homeric figures around them. Circe (Bella Enahoro) is all sinewy eroticism and Nausicaa (Sophie Okonedo) all flirty charm: "just tell your wife you met me and were swept overboard." Geoffrey Freshwater finds viciousness in the Cyclops and David Westhead croaking age in Nestor.

A blind blues poet (Rudolph Walker) keeps the action moving forward, but the best parts of the evening are the descriptions of offstage events. That is what Epic means. As Gorgias said in the *Helen*, "words tell of the fortune and misfortune of other lives and other people, the heart feels a feeling of its own."

The strengths lie in the language: "Imagine a blue cave, alabaster and porphyry, blue waves on its ceiling" or "Our ribbed bodies long for their original shore." The verse itself, in six-pulse lines, needs close following. Clear, sharp verse-speaking makes concentration easy. The content varies from the witty: "I saw the wooden horse blocking the stars – Troy fell for it"; to the cruel: "Helen – still miss Troy?"

At the moment, *The Odyssey* lacks expansiveness and shape. It fails to match the scope of Walcott's vision: "the sea speaks the same language around the world's shores." Leaving the theatre, one should feel that Odysseus' journey is still happening somewhere. Walcott closed *Omeros* with that haunting idea: "When he left the beach the sea was still going on."

Pitchford gift

PITCHFORD Hall in Shropshire, arguably the most important half-timbered house in England, has been offered as a gift to the nation. Mr and Mrs Oliver Colthurst, whose family have owned the house since the 15th century, will give the Grade I house and 70 acres of park and garden, currently on the market at £1.25m, to a heritage body if its important contents can be kept intact.

The offer was announced yesterday after a stalemate in negotiations to secure the future of the estate, a victim partly of Lloyd's losses. The National Trust has had a team of 26 experts looking at Pitchford in the last few months and is keen to take responsibility if the Government provides special funds with which to endow the house and purchase its collections.

If no decision is reached by August 1, Christie's will sell the contents, valued at £2m, in September.

Susan Moore

Chess No 930: 1 Rg1. If Rxg1 2 d7 Rxg6 3 Qa1. If Rg3 2 Rg2! If Rh2 2 Rc1 and 3 Rc4. Not at once 1 Rc1? Rxg6.

TELEVISION

SATURDAY

BBC1

6.25 Open University. 7.25 News. 7.30 Hallo Spencer. 7.50 Babar. 8.15 The Jetsons. 8.35 Round the Twist. 9.00 Parallel 9. 10.52 Weather.

10.55 Grandstand. Introduced by Desmond Lynam. Including at 10.55 Cricket: England v Pakistan. *Coverage of the third day in the* Third Test from Old Trafford. Commentary by Tony Lewis, Richie Benaud and Asif Iqbal. 1.00 News. 1.05 Rugby League/Athletics. Rugby League: Australia v Great Britain in the Third Test from Brisbane. Athletics: Highlights of the US Olympic Trials from New Orleans. 1.40 Tennis from Wimbledon: Coverage of the ladies' singles final between Monica Seles and defending champion Steffi Graf, followed by the men's and ladies' doubles finals. Commentary by John Barrett, Virginia Wade and Ann Jones. Times may vary.

5.10 News and Sport.

5.20 Weather.

5.25 Jim'll Fix It.

6.00 The Brittas Empire. The leisure centre closes as Gordon Brittas investigates a case of staff pilfer*ing and sets a trap to catch the* thief.

6.30 That's Showbusiness.

7.00 Keeping Up Appearances. Comedy, starring Patricia Routledge and Geoffrey Hughes.

7.30 Growing Pains. Tom is enthusiastic about a charity fun run and cannot understand why his family are so reluctant to take part. Jason has trouble settling in at his new school. Starring Ray Brooks and Sharon Duce.

8.20 Casualty. Beth thinks about going into general practice, while social *worker Trish Baynes considers* a transfer. During a hectic shift, a woman and her violent husband cause problems for the staff. Mamta Kaash stars.

9.10 News and Sport; Weather.

9.30 International Athletics. Live coverage of the Bislett Games from Oslo.

10.30 Today at Wimbledon. Harry *Carpenter introduces highlights* of the ladies' singles final between Monica Seles and Steffi Graf and talks to the winner.

11.30 Film: Enigma. An East German *refugee (Martin Shaw) is* recruited by the CIA to go on a spying mission in East Berlin. (1982).

1.10 Weather.

1.15 Close.

BBC2

6.40 Open University.

3.00 The Sky at Night. Patrick Moore sums up what has been discovered about Uranus and Neptune since the Voyager 2 probe bypassed Uranus in 1986 and Neptune in 1989. *Both these remote* giants are on view this month.

3.20 Wimbledon and Cricket. Tennis: Desmond Lynam introduces live *action from the* All-England Club, including the ladies' singles final (Monica Seles v Steffi Graf) and the men's and ladies' doubles finals. Cricket: The third day of the Third Test between England and Pakistan at Old Trafford.

8.05 News and Sport; Weather.

8.20 Columbus and the Age of Discovery. New series in seven parts charting the life and legacy of Christopher Columbus, to mark the 500th anniversary of his landing in America.

9.10 Rhythms of the World. Exploring the relationship between Caribbean music and poetry. A look at two sides of Caribbean music *and poetry: Shake Keane, one of* the unsung heroes of 1960s trumpet playing as well as one of the Caribbean's greatest poets, and Linton Kwesi Johnson, a dub poet with his *roots* in the Jamaican oral tradition and the early reggae DJs.

10.10 Teenage Diaries. Video diary following Julie who lives with five *other girls* in a special *home* for anorexics. In a frank and courageous account to the camera, Julie reveals the desperation that surrounds a little-understood condition. There are moments of celebration, such as when she slightly increases her weight, but the real test is how will she cope when she returns home to her family?

11.00 Film: Take the Money and Run. Woody Allen plays a social misfit who turns to a life of crime. Visual gags and slapstick capers abound in Allen's debut as writer, director and star (1968). Also appearing Janet Margolin, Marcel Hillaire and Jacquelyn Hyde.

12.20 Cricket: Third Test. England v Pakistan. Richie Benaud introduces highlights of the day's play.

12.55 Close.

LWT

6.00 TV-am. 9.25 Film: In Search of the Castaways. 11.10 The Smurfs. 11.30 The Sealy Five Kingdoms Challenge. 12.00 The ITV Chart Show.

1.00 ITN News; Weather.

1.05 LWT News and Weather; The Day.

1.10 International Rugby. Australia v New Zealand in the first of three Tests between the two countries. Exclusive highlights from Sydney, with commentary by John Taylor and Bill Calcraft.

1.55 Film: McCloud: This Must Be the Alamo. An untimely energy crisis prevents McCloud making headway on a case. Police adventure, starring Dennis Weaver.

3.45 Katts and Dog.

4.15 WCW Worldwide Wrestling.

5.00 ITN News; Weather.

5.05 LWT News; Weather.

5.15 Beverly Hills 90210.

6.05 Bob's Your Uncle.

6.50 Catchphrase.

7.20 Father Dowling Investigates. When art treasures belonging to a wealthy family are stolen, Father Dowling finds a prime suspect with flawless alibis. Starring *Tom Bosley.*

8.10 Sam Saturday. Sam and Sgt Jim Butler find an east European corpse on Hampstead Heath. But the dead body has no means of *identification. Can Ivan Kaye as* the London-based Jewish detective solve the mystery? Kate Buffery guest stars.

9.10 Michael Winner's True Crimes. A *study of the case which gripped* the country during the summer of 1989, when a blackmailer implanted razor blades and caustic soda in jars of Heinz baby food.

9.40 Tom Jones: The Right Time. With Joe Cocker and chart-topping singer Curtis Stigers.

10.10 ITN News; Weather.

10.25 LWT Weather.

10.30 Wolf.

11.25 Philip Marlowe: Private Eye. Robin Givens (the former Mrs Mike Tyson) plays a would-be *starlet who becomes entangled in* underworld activities.

12.20 Get Stuffed; ITN News Headlines.

12.25 The Big E.

1.30 Get Stuffed; ITN News Headlines.

1.35 *Music from the Bridge.* *Tony Gre*gor profiles singer Cyndi Lauper.

2.05 New Music.

3.05 Indy Car Racing.

4.10 Get Stuffed.

4.15 The Hit Man and Her.

CHANNEL4

6.00 Early Morning. 10.00 Sign On: Newswatch. After the Earth Summit in Rio will the world be a safer, cleaner, healthier place to live in? 10.30 Film: The Man in the Mirror starring Edward Everett Horton with Alistair Sim. 12.00 Get Smart. 12.30 pm The Beverly Hillbillies.

1.00 Film: The Beautiful Blonde from Bashful Bend. A gun-toting saloon girl is mistaken for a schoolteacher in a remote town. Western farce, starring Betty Gra*ble and Cesar Romero (1949).*

2.25 Fairy Story.

2.30 Racing from Sandown Park. Including the 2.50 Anniversary Stakes (H'cap), 3.25 Stars and Stripes Sprint Stakes, 4.10 Coral-Eclipse Stakes and the 4.45 Fourth of July Stakes. Introduced by Brough Scott.

5.05 Brookside.

6.30 Tour De France. New series. Stage One: San Sebastian Prologue Time Trial, 8km. Phil Liggett, Paul Sherwen and Gary Imlach present opening coverage of the world's most prestigious cycle race; **News.**

7.00 The Big Picture Show. New series in which current affairs are analysed by uncovering hidden connections between politics, economics, social policy and everyday life without recourse to the rhetoric of party politics. Emma Freud is the presenter. In the first of three programmes, The Guardian's Will Hutton investigates the current rise in crime. What is to blame? And how can the crime wave be ended?

8.00 Kingdom of the Plains. Examining Africa's illustrious baboon troop, *nicknamed The Pumphouse* Gang. Anthropologist Dr Shirley Strum tells their story.

9.00 GBH. Re-run of Alan Bleasdale's award-winning drama. The mysterious Barbara Douglas seems more interested in council leader Michael Murray's past than in his attempts at courtship – but why?

10.50 Film: Les Bonnes Femmes. Claude Chabrol's ironic study of four working girls and their attempts to find romance and excitement in Paris (1960). With *Bernadette Lafont, Stephane* Audran, Clothilde Joano and Lucille Saint-Simon.

12.30 Twilight Zone.

1.25 Close.

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-

ANGLIA: 9.25 The Absent-Minded Professor. 11.00 Disney Cartoons. 11.30 Zorro. 1.05 Anglia News. 1.55 Chequered Flag. 2.25 Man About the House. 4.05 WCW Worldwide Wrestling. 4.50 Cartoon Time. 5.05 Anglia News and Sport *10.30 Beauty and the Beast.*

BORDER: 11.15 Disney Cartoons. 11.30 The Munsters Today. 1.05 Border News. 1.55 Chequered Flag. 2.25 George and Mildred. 4.10 The A-Team. *5.05 Border News. 10.30 Desperado.*

CENTRAL: 9.25 The Absent-Minded Professor. 11.10 Zorro. 1.05 Central News 1.55 Chequered Flag. 2.25 The Ship that Died of Shame. (1955) 4.05 WCW Worldwide Wrestling. 4.50 Cartoon Time. 5.10 Central News 10.30 Naked Lie (TVM 1989)

CHANNEL: 9.25 The Absent-Minded Professor. (TVM 1988) 11.00 Disney Cartoons. 11.30 Blockbusters. 1.05 Diary Dates. 1.55 Bhowani Junction. (1956) 3.55 *The A-Team. 4.45 Cartoon. 5.05 Channel News.* 5.10 Puffin's Pla(i)ce. 11.25 Kojak.

GRAMPIAN: 9.25 The Absent-Minded Professor. 11.00 Disney Cartoons 11.30 Zorro. 1.05 Grampian Headlines. 1.55 Sealll 2.25 Chequered Flag. 2.55 Master Spy. 4.05 Out of Limits. 5.05 Grampian Headlines. 5.10 Criomagan. 10.30 Desperado.

GRANADA: 9.25 The Absent-Minded Professor. (TVM 1988) 11.00 Disney Cartoons. 11.30 This is America, *Charlie Brown. 1.05 Granada News 1.55 Lt* Robin Crusoe USN. (1966) 4.00 Superstars of Wrestling. 4.40 Rock Sport. 5.05 Granada News 10.30 Desperado.

HTV: 9.25 The Absent-Minded Professor. (TVM 1988) *11.00 Disney Cartoons. 11.30 Zorro. 1.05 HTV* News. 1.55 Dogs With Dunbar. 2.25 Golf: US PGA 1992. 3.20 Chequered Flag. 3.50 Pride of the Bowery. (1941) 5.05 HTV News.

SCOTTISH: 9.25 The Absent-Minded Professor. (TVM 1988) 11.00 Disney Cartoons. 11.30 Dinosaurs. 1.05 Scotland Today. 1.55 Seall! 2.25 Matt Helm. (TVM 1975) 3.40 McCloud: Showdown at the End of the World. (1972) 5.05 Scotland Today. 10.30 Shanghai Surprise.

TSW: 9.25 The Absent-Minded Professor. 11.00 Disney Cartoons. 11.30 The South West Week. 1.05 TSW News. 1.55 The A-Team. 2.50 Bhowani Junction. 5.05 TSW News. 10.30 Desperado.

TVS: *9.25 The Absent-Minded Professor. (TVM 1988)* 11.00 Disney Cartoons. 11.30 Blockbusters. 1.05 TVS News. 1.55 Bhowani Junction. (1956) 3.55 The A-Team. 4.45 Cartoon. 5.05 TVS News. 11.25 Kojak.

TYNE TEES: 9.25 The Absent-Minded Professor. 11.00 Disney Cartoons. 11.30 Superman. 1.05 Regional News. 1.55 Soccer in the Seventies. 2.25 Chequered Flag. 2.55 The Life and Times of Grizzly Adams. 3.55 The World's Greatest Stunts – Live. 5.05 Northern Life. 10.30 Desperado.

YORKSHIRE: 9.25 The Absent-Minded Professor. (TVM 1988) 11.00 Disney Cartoons. 11.30 Superman. 1.05 Calendar News. 1.55 The A-Team. 2.50 Panic in Bangkok for Agent 0SS 117. (1964) 5.05 Calen*dar News. 10.30 The Mackintosh Man. (1973)*

SUNDAY

BBC1

6.45 Open University. 8.50 Playdays. 9.10 News. 9.15 *Telling Tales.* 9.30 This is the Day. 10.00 Sign Extra: OED. 10.30 Hindi Urdu Bol Chaal. 10.55 Fast Feasts. 11.00 How Do You Manage? 11.30 Bazaar. 11.55 Cartoons.

12.10 CountryFile.

12.35 Weather for the Week Ahead.

12.40 News.

12.45 The French Grand Prix. Live coverage from Magny Cours. Can *Nigel Mansell overcome the* disappointing results and again stamp *his* authority on the championship?

2.50 EastEnders.

3.50 Columbo: Murder Under Glass.

5.00 Cartoon.

5.10 Survivors – A New View of Us. A bird's eye view of the beaches and marinas of southern Britain and the concrete jungles of the Portuguese coast as a young seagull migrates to Morocco for a winter break.

5.40 Masterchef 1992. Contestants compete in the second semi-final, with guest judges chef Anton Edelmann from London's Savoy Hotel and TV presenter Sue Lawley. Hosted by Lloyd Grossman.

6.15 Lifeline. David Jacobs appeals on behalf of Invalids at Home, which helps people with severe disabilities or long-term illnesses.

6.25 News.

6.40 Titchmarsh on Song. Alan Titchmarsh returns to his childhood parish in Ilkley, Yorkshire.

7.15 Strathblair.

8.05 *Whicker's World: A Taste of* Spain. With only three weeks before the Barcelona Olympics, Alan travels to the city where he meets the designers of the Olym*pic mascot and stadium, and* talks to controversial architect Peter Hodgkinson.

8.35 One Foot in the Grave Christmas Special. Victor (Richard Wilson) *still has a score to settle with his* next-door neighbour.

9.25 News; Weather.

9.40 Today at Wimbledon. Highlights of the men's singles final and *also from the past fortnight.*

10.30 Heart of the Matter. Women past the menopause can now achieve normal pregnancies through donated eggs. Joan Bakewell fol*lows a 55-year-old English* woman on her quest for egg donation treatment.

11.05 The French Grand Prix.

11.40 Knight and Daye.

12.05 Weather.

12.10 Close.

BBC2

6.35 Open University. 12.00 Around Westminster. 12.30 *On the Record.* John Smith and John Prescott, Labour Party leadership and deputy leadership candidates, talk to Jonathan Dimbleby. Plus, John Cole's round-up of the week's events at Westminster.

1.25 Sunday Grandstand: Wimbledon. Desmond Lynam introduces live coverage of the men's singles final. Also action from the mixed *doubles final. Commentary by* John Barrett, Mark Cox, Barry Davies, Julian Tutt, Paul Hutchins, Bill Threlfall, John Alexander, Virginia Wade and Ann Jones. *Plus, news of the French* Grand Prix.

7.15 A Night with Alan Bennett. To launch a season of his plays, BAFTA award-winner and Talking Heads author Alan Bennett is given the keys to the BBC vaults and asked to schedule his perfect evening of television. In what he calls *'part lecture, part lucky dip'* he explores his thoughts and memories of nearly 40 years of television.

7.55 Whatever Happened to the Likely Lads? Classic comedy from 1973. Starring Rodney Bewes and James Bolam.

8.25 Abigail's Party. Mike Leigh's *highly acclaimed comic study of* social pretensions, starring Alison Steadman and Tim Stern.

10.10 JB – A Portrait of Sir John Barbirolli. *Documentary from the* acclaimed arts series Monitor. Directed by Melvyn Bragg in 1965, this is a compelling film about a direct and powerful char*acter, assessing Barbirolli's* incredible musical achievement and revealing a man who is both witty and forthright.

11.00 Days at the Beach. Play by Malcolm Mowbray, following three men in the British Army of 1920, guarding a mine on a deserted beach. Starring Sam Kelly, Stephen Bill and Julie Walters.

12.30 Film: The Spider's Stratagem. Political whodunnit based on a short story by Jorge Luis Borges but transposed to the Po Valley of *Italy and set there during the* height of Italian Fascism. Directed by Bernardo Bertolucci, starring Giulio Brogi and Alida Valli (1970).

2.10 Close.

LWT

6.00 TV-am. 9.25 Disney's Wet 'n' Wild. 10.20 The Littlest Hobo. 10.45 Link. 11.00 Morning Worship. 12.00 The Curate's Egg. 12.30 pm LWT News Weekend. 12.55 LWT Weather.

1.00 ITN News; Weather.

1.05 The Day.

1.10 International Rugby. New Zealand v England B. The future stars of English rugby meet their *New Zealand counterparts in the* second international at Pukekohe.

2.10 Film: Johnny Tremain. In 18th-century Boston a young boy helps start the War of Independence. Walt Disney history film, starring Hal Stalmaster (1957).

3.45 Film: 55 Days at Peking. Historical account of the Chinese Boxer uprising of 1900, starring Charlton Heston, Ava Gardner and David Niven (1962).

6.30 ITN News; Weather.

6.35 LWT News; Weather.

6.40 People Get Ready.

7.15 The Richard and Judy Show. New series. Richard Madeley and Judy Finnigan host a new live show with a topical mix of showbusiness, human interest and entertainment news from around the world.

7.45 Watching.

8.15 Second Thoughts. *Re-run of the* popular comedy, starring James Bolam and Lynda Bellingham.

8.45 Film: Easy Come, Easy Go. A young woman becomes unwittingly involved in a the murder of a confidence trickster. Thriller, starring Jaclyn Smith and Celeste Holm (TVM 1990).

10.30 Frankie's On – Fire. Frankie Howerd entertains the firefighters of Moreton-in-Marsh, Gloucestershire.

11.00 ITN News; Weather.

11.15 LWT Weather; The Day.

11.20 Cue the Music. Swans Way in concert at the London Astoria Theatre; **ITN News Headlines.**

12.20 The ITV Chart Show.; ITN News Headlines.

1.20 Film: Red Circle. Alain Delon plays a former prisoner determined to go straight. However, his plans are marred when he is forced to kill in defence of his loot. Co-starring Andrew Bourvil (1970).

3.40 Night Heat.

4.35 Pick of the Week.

5.05 Soap.

CHANNEL4

6.00 Early Morning. 9.25 The Sword of Tipu Sultan.(English subtitles). 10.00 Talking Liberties. 10.45 Dennis. 11.00 Owl TV. 11.30 Flipper. 12.00 Little House on the Prairie.

1.00 Voyage to the Bottom of the Sea.

2.00 Film: The Great Caruso. Biopic starring Mario Lanza as the legendary tenor (1951).

4.00 Overture One-Two-Five.

4.10 Four-Mations: Secret Passions. The work of the British computer animation scene.

4.40 Raindance. Susan Hewitt's entertaining and environmentally themed celebration of life.

4.45 Sideshow.

4.50 Face Facts.

4.55 News.

5.00 American Chronicles. The programme goes on the road with the last remaining major circus and finds out if a night in the big top still holds magic and excitement.

5.30 Tour De France. Stage One: San Sebastian to San Sebastian, 193km. Phil Liggett introduces the day's action.

6.30 The Cosby Show.

7.00 Watching the Detectives. *The last* in the series follows private investigator Peter Clark, who journeys from London to the Costa del Sol in search of stolen boats.

8.00 Europe Express. New series. An investigation into the influx of refugees into the once-popular holiday resort of Rijeka on the Croatian coast. Also the row that threatens to divide Czechoslovakia's clergy from the Vatican.

8.30 Sound Stuff: Turnim Hed. The concluding episode visits the south Chimbu province in Papua New Guinea to examine the music of the resident villagers.

9.30 Four-Mations: Secret Passions. The last in the series features three works by young women animators.

10.00 Film: Wild Flowers. When an elderly, fastidious woman comes to stay with her daughter and grandchildren, relationships become strained. Marthe Nadeau and Michele Magny star (1982).

11.15 Four-Mations: Cowboys.

11.20 The Comb.

11.45 Secret Joy (Of Falling Angels).

11.55 Film: Les Amants. A bored wife embarks on a passionate sexual affair. Louis Malle's award-winning film, starring Jeanne Moreau (1958).(English subtitles).

1.30 Close.

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-

ANGLIA: 12.25 Countrywide. 12.50 Anglia News. 2.10 Escape from the Dark. (1976) 4.05 Cartoon Time. 4.15 War Lords of Atlantis. (1978) 5.00 *Secret Coastline. 5.35 Anglia News.*

BORDER: 12.30 Gardening Time. 12.55 Border News. 2.10 Wonder Man 3.55 Animal Country. 4.25 Carry On Teacher. 6.00 Dogs with Dunbar. 6.35 Border News. 11.20 Prisoner: Cell Block H.

CENTRAL: 10.30 Heidi. 12.30 Gardening Time. 12.55 Central News 2.10 William the Conqueror. (1986) 5.30 The Cashmere Trail. 6.35 Central News 11.20 Mistral's Daughter.

CHANNEL: 12.30 Reflections. 12.35 Les Francais Chez-Vous. 12.50 Tele-Jornal. 2.10 Euro Auto Challenge 1991. 2.45 The Magical World of Disney. 4.35 Family Theatre. 5.30 House Style. 6.00 Tell the Truth. 6.35 Channel News.

GRAMPIAN: 10.45 Children's Island. 11.15 Journeys. 11.45 Link. 12.30 Jack Thompson Down Under. 12.55 Grampian Headlines. 2.10 Jerusalem - of Heaven and Earth. 2.40 Out of Limits. 2.45 The *Fall of the Roman Empire. (1964) 5.00 The Way* It Was. 6.35 Grampian Headlines. 11.15 Grampian Weather. 11.20 Prisoner: Cell Block H.

GRANADA: 10.20 Heidi. 12.25 The Eiffel Tower. 12.55 Granada News 2.10 Guns at Batasi. (1964) 4.05 The *A-Team. 5.00 Granada Action with the A Team.* 5.30 Coronation Street. 6.35 Granada News 11.20 Prisoner: Cell Block H.

HTV: 12.30 Farming Wales. 12.55 HTV News. 2.10 Press Your Luck. 2.40 Fantastic Voyage. (1966) 4.30 The Big Fish. 5.30 The Channon and Ball Video Show. 6.35 HTV News.

HTV Wales as HTV except: 2.10 Country Ways.

SCOTTISH: *9.25 Sees in Paradise. (1943) 10.45 Heidi.* 11.15 Link. 11.30 Right or Wrong? 12.30 Scotland's War. 12.55 Scotland Today. 2.10 A Month of Sundays. (1989) 4.05 Pop Profile. 4.25 Mickey's Happy Valentine Special. 5.30 Bullseye. 6.00 Beats Per Minute. 6.35 Scotland Today 11.15 Scottish Weather. 11.20 When the Bough Breaks. (1947)

TSW: 12.30 TSW Farming Week. 12.55 TSW News. 2.10 Off the Hook. 2.40 James Dean: The First American Teenager. 4.15 Woman of Straw. (1964) 6.35 TSW News. 11.20 McCloud: A Walk in the Dark.

TVS: 12.30 TVS News. 12.33 Agenda. 12.58 TVS Weather. 2.10 Euro Auto Challenge 1991. 2.45 *The Magical World of Disney. 4.35 Family Thea*tre. 5.30 House Style. 6.00 Tell the Truth. 6.35 TVS News.

TYNE TEES: 12.25 Earthmovers. 12.55 Regional News. 2.10 Carry On Again Doctor. (1969) 3.50 Highway to Heaven. 4.50 Touch and Go. (1955) 6.35 Regional News. 11.20 Prisoner: Cell Block H.

YORKSHIRE: 9.25 Slapstick. 12.25 Nawrang. 12.50 Calendar News. 2.10 Highway to Heaven. 3.05 Cartoon. 3.20 The Best Years of Our Lives. (1946) 6.35 Calendar News. 11.15 Local Weather. 11.20 Ashanti. (1979)

RADIO

SATURDAY

BBC RADIO 2
6.00 The Saturday Show. 8.05 Sounds of the Sixties. 10.00 Anne Robinson. 12.00 Mark Wynter. 1.00 The Al Read Show. 1.30 Jimmy's Cricket Team. 2.00 Sounds of the Fifties. 3.00 Steve Race. 4.00 Over-Paid, Over-Sexed and Over-Here!

5.00 Cinema 2. 5.30 Music By – Andre Previn. 6.00 Don Williams in Concert. 7.00 Beat the Record. 7.30 Last Night of the Three Spires Festival 1992. 9.30 Easy *Does It. 10.00 The Arts* Programme. 12.30 Night Ride. 4.00 The Sunday Show.

BBC RADIO 3
6.55 News Headlines.
7.00 Morning Concert.
8.30 News.
8.35 Celebrity Recital.
9.30 Saturday Review.
10.55 Test Match Special.
6.10 Evening Sequence.
7.10 Castor et Pollux.
10.10 Mikhail Pletnev.
11.15 Jazz Record Requests.
12.00 News.
12.05 Close.

BBC RADIO 4
6.00 News Briefing.
6.10 The Farming Week.
6.50 Prayer for the Day.
7.00 Today.
9.00 News.
9.05 Sport On 4.
9.30 Breakaway.
10.00 Loose Ends.
11.00 The Week in Westminster.
11.30 *Europhile.*
12.00 Money Box.
12.25 They Think It's All Over.
1.00 News.
1.10 Any Questions?
2.00 Any Answers?
2.30 Saturday Playhouse.
4.00 Age to Age.
4.30 Science Now.
5.00 Costing the Earth.
5.25 The Queen of the Okefenokee.
6.00 News and Sports Round-up.
6.25 Week Ending.
6.50 Stop the Week.
7.20 Kaleidoscope.
7.50 Classic Serial.
8.50 Writers Revealed.
9.20 Music in Mind.
9.50 Ten to Ten.
10.00 News.
10.15 Open Mind.
10.45 Life with Lederer.
11.00 Richard Baker Compares Notes.
11.30 First Love.
12.00 News.
12.30 Close.

BBC RADIO 5
6.00 Newshour.
6.30 Saturday Edition.
9.00 Get Set.
10.30 Tales of the Texas Rangers.
11.00 Go.
12.00 Sport on 4 Plus 1.
12.30 Sportscall.
1.30 Wimbledon 92.
6.00 *Six-O-Six.*
7.30 Le Top.
9.00 International Athletics.
10.00 Sports Bulletin.
10.30 On the Level.
12.00 Close.

WORLD SERVICE
BBC for Europe can be received in Western Europe on Medium Wave 648 kHZ (463m) at the following times BST:

6.00 News. 6.30 Londres Matin. 7.00 News; News About Britain; The World Today. 7.30 Meridian. 8.00 Newsdesk. 8.30 People And *Politics. 9.00 News; Words of* Faith; A Jolly Good Show.

10.00 News; Business Report; Worldbrief. 10.30 Personal View. 10.45 Sports Roundup. 11.00 News Summary. 11.01 Jazz Now And Then. 11.15 Club 648. 11.30 Londres Midi. 11.45 Mittagsmagazin.

12.00 Newsdesk. 12.30 Meridian. 1.00 News; News *About Britain. 1.15 Multitrack* 3. 1.45 Sports Roundup. 2.00 Newshour. 3.00 News Summary. 3.01 Sportsworld. 4.00 World News.

4.15 BBC English. 4.30 News in German. 4.40 German Features. 5.00 News; Travel news; BBC English. 5.30 Londres Soir. 6.14 Letter From America. 6.29 News Summary. 6.30 Heute Aktuell.

7.00 German Features. 7.54 News in German. 8.00 Counterpoint. 8.30 Europe This Weekend. 9.00 News; Personal View; Words of Faith. 9.30 Meridian. 10.00 Newshour. 11.00 News; News About Britain.

11.15 Jazz For The Asking. 11.45 Sports Roundup. 12.00 News; Words of Faith; Book Choice. 12.15 A Jolly Good Show. 1.00 Newsdesk. 1.30 The Ken Bruce Show. 2.00 News Summary. 2.01 Play Of The Week: Faith, Hope And *Charity. 2.00 Newsdesk.*

3.30 Twin Track. 4.00 News; Words Of Faith. 4.15 Sports Roundup. 4.30 Business Review. 4.45 News and Press Review in German.

SUNDAY

BBC RADIO 2
7.00 Don Maclean. 9.05 John Sachs. 12.00 Desmond Carrington. 2.00 Benny Green. 3.00 Alan Dell. 4.00 Tea for Two. 4.30 Sing *Something Simple. 5.00* Charlie Chester.
6.30 Music for a Summer Evening. 8.30 Sunday Half Hour. 9.00 Alan Keith. 10.00 The Arts Programme. 12.05 Mark Wynter. 1.00 Charles Nove. 4.00 Alex Lester.

BBC RADIO 3
6.55 Weather.
7.00 Morning Concert.
8.30 News.
8.35 French Suite.
9.10 Slava!
10.15 Music Weekly.
11.00 Ozawa and the BSO.
12.20 Piano Duos and Duets.
1.00 News.
1.05 Your Concert Choice.
2.30 Horszowski at 100.
4.00 BBC Philharmonic in Lille.
5.15 Opera News.
6.00 Choral Evensong.
7.00 Myths and Pastorals.
7.40 Sunday Play.
9.10 Giles Swayne.
10.25 Guildhall String Ensemble.
11.25 Baroque Flutes.
12.00 News.
12.05 Close.

BBC RADIO 4
6.00 News Briefing.
6.10 Prelude.
6.30 Morning Has Broken.
7.00 News.
7.10 Sunday Papers.
7.15 On Your Farm.
7.40 *Sunday.*
8.00 News.
8.10 Sunday Papers.
8.50 John Simpson. Speaking for the Week's Good Cause about the work of Health Unlimited.
9.00 News.
9.10 Sunday Papers.
9.15 Letter from America.
9.30 *Morning Service.*
10.15 The Archers.
11.15 News Stand.
11.30 Pick of the Week.
12.15 Desert Island Discs.
1.00 The World This Weekend.
2.00 Gardeners' Question Time.
2.30 Sunday Playhouse.
3.30 The *Radio Programme.*
4.00 Analysis.
4.47 Dust Devils.
5.00 Coastline.
5.40 Smith in Shining Armour.
6.00 Six O'Clock News.
6.15 Feedback.
6.30 Europhile.
7.00 Your Place or Mine?
7.30 Bookshelf.
8.00 Iconoclasts.
9.00 Natural History Programme.
9.30 Special Assignment.
10.00 News.
10.15 The Elvis Cult.
11.00 Fourth Column Revisited.
11.30 Seeds of Faith.
12.00 News.
12.30 Close.

BBC RADIO 5
6.00 World Service: Newshour.
7.00 Waterlines.
7.30 Summer Sundae.
8.30 Last in the Present Series.
9.00 Johnnie Walker.
10.30 A Family Learns Spanish.
11.00 Anna Goes to the Seaside.
11.30 Ring A Winner.
12.40 Open Forum.
1.00 Wimbledon '92.
6.15 The Olympic Years.
7.10 Open University.
10.10 Across the Line.
12.00 Close.

WORLD SERVICE
BBC for Europe can be received in Western Europe on Medium Wave 648 kHZ (463m) at the following times BST:
6.00 News. 6.30 Londres *Matin. 7.00 News; News* About Britain. 7.15 Letter From America. 7.30 Jazz For The Asking. 8.00 Newsdesk. 8.30 From Our Own Correspondent. 8.50 Write On. 9.00 News; Words of Faith; Classics with Kay. 10.00 News; Business Review. 10.15 Seeing Stars. 10.30 Folk in Britain.

10.45 Sports Roundup. 11.00 News Summary; Science in Action. 11.30 Londres Midi. 11.45 Mittagsmagazin. 12.00 Newsdesk. 12.30 The Ken Bruce Show.

1.00 News Summary. 1.01 Play of the Week – Faith, Hope and Charity. 2.00 Newshour. 3.00 Sportsworld. 5.15 BBC English. 5.30 Londres Soir. 6.14 Club 648.

6.29 News Summary; News in German. 6.40 German Features. 7.54 News in German. 8.00 The Musician's *Musician.* 8.30 Europe Tonight. 9.00 News; Folk in Britain. 9.25 Words Of Faith. 9.30 Brain Of Britain. 10.00 Newshour. 11.00 News; News About Britain.

11.15 Seeing Stars. 11.30 Letter From America. 11.45 Sports Roundup. 12.00 News; Business Review; Classics with Kay. 1.00 Newsdesk. 1.30 In Praise Of God. 2.00 News Summary; Opera Of The Week. 2.45 Rites of Man. 3.00 Newsdesk.

3.30 Composer Of The Month: Les Six. 4.00 News; Words Of Faith. 4.15 Sports Roundup. 4.30 The Week Ahead: Travel. 4.45 News and Press Review in German.

CHESS

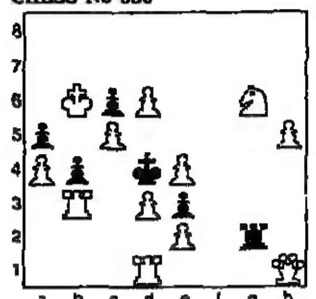
VLADIMIR Kramnik, the 17-year-old Russian *who won the* individual gold medal at the Manila olympics, is the latest proof that grandmasters are *becoming younger. He joins* Gata Kamsky, 18, of the US, Alexei Shirov, 20 today, of Latvia, Vishy Anand, 22, of India, *and Vassily Ivanchuk, 23, of* Ukraine, as a likely contender in the next world title series.

This quintet's advance puts *extra pressure on Nigel Short* when the Briton plays Jan Timman in next year's candidates final. If Short wins, he gains *exemption to the* quarter-finals of the 1994-5 world series and thus avoids most of the dangerous newcomers. *Fide decided at Manila that* title matches will be every two years instead of three.

This week's game won Kramnik his medal and relegated England to tenth at the olympics (V Kramnik, Russia, White; J Nunn, England, Black; King's Indian; Manila 1992).

1 d4 Nf6 2 c4 g6 3 Nc3 Bg7 4 e4 d6 5 f3 0-0 6 Be3 c5 Black's gambit for initiative sidesteps complex attacks intended by White's 5 f3. 7 dxc5 dxc5 8 Qxd8 Rxd8 9 Bxc5 Nc6 10 Ba3 If 10 Nd5 Nd7 11 Bxe7 Nxe7 12 Nxe7+ Kf8 13 Nd5 Bxb2 with *good play for the pawn.* a5? Better e6 11 Nge2 b6 12 Na4 Bh6 with active bishops. 11 Rd1 Be6 12 Nd5 Bxd5 13 cxd5 *Nb4 14 Bb5! Nc2+ 15 Kf2* Nxa3 16 bxa3 e6 17 d6 e5 18 Ne2 Bf8 19 d7 Bxa3 20 g4! Book to here, but Kramnik's pawn advance *undermines the defences.* h6 21 h4 a4 22 Rd3 Bb2 23 g5 hxg5 24 hxg5 Nh7 25 f4 Ra5 26 Rd5 f6? Missing the reply; a3! *makes it harder.* 27 Rxh7! Kxh7 28 gxf6 exf4 29 e5 Kh6 30 Nxf4 Bxe5 31 Rxe5 Rxd7 32 Bxd7 Rxe5 33 f7 Resigns. For if Kg7 34 Nxg6.

CHESS No 930



White mates in three moves, *against any defence (by C Sammelius).*

Solution Page XVIII

Leonard Barden

BRIDGE

look to rubber bridge for our hand today:

N
♠ A 8 5
♥ K Q 7
♦ 6 5
♣ 8 6 5 4 2

W
♠ 9 4 3 2
♥ 4
♦ K Q 10 7 3
♣ A 10 9

E
♠ Q J 10 6
♥ J 9 2
♦ 9 8 4 2
♣ Q J

S
♠ K 7
♥ A 10 8 6 5 3
♦ A J
♣ K 7 3

East was dealer, with East-West vulnerable, and passed. South opened the bidding with one heart, and North raised to two hearts, undoubtedly the correct reply. The opener, with 15 high card points and a six-card suit, made a try for game with three hearts. This bid asked his partner if his raise was sound, and specifically if his trump support was reasonably good. With two honours in trumps and an outside ace, North was happy to bid on. His four hearts ended the auction.

West attacked with the diamond king, and this was won in hand. The declarer after a moment's thought cashed king, queen of hearts. When West showed out on the second round, he drew the last trump, and led the three of clubs. East overtook his partner's nine, and returned a diamond to West's queen. The next diamond was ruffed in hand, and declarer crossed to the ace of spades to lead another club. East produced the queen, *South covered with the king,* and West won. The declarer had to lose another club, and went down.

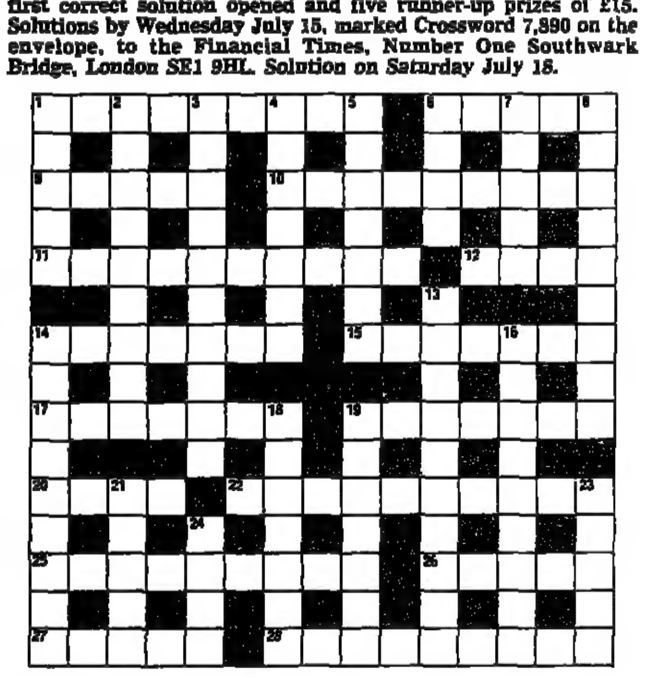
Let us put an expert in the South seat, and see what line he adopts. After winning the diamond king, he at once envisages an endplay against West. He cashes king and ace of spades, ruffs the last spade,and cashes king and queen of hearts, hoping for an even break. When West shows out, a perfect elimination is not possible, but perhaps imperfect elimination will be all right. He throws West in with a diamond. West is end-played. A club return sets up the declarer's king, a spade or a diamond gives a ruff discard.

E P C Cotter

CROSSWORD

No. 7,890 Set by DINMUTZ

A prize of a classic Pelikan Souveran 800 fountain pen for the first correct solution opened and five runner-up prizes of £15. Solutions by Wednesday July 15, marked Crossword 7,890 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL. Solution on Saturday July 18.

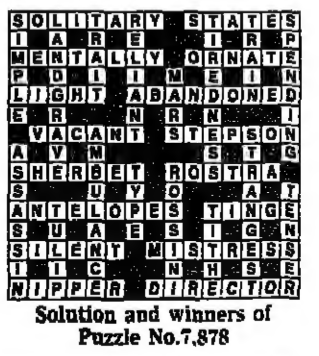


Name
Address

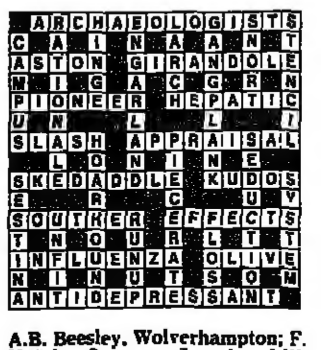
ACROSS
1 Base error penalised in court? (4-5)
6 Fit of pique (5)
9 He led the Indians, *making a* century (not recorded) (5)
10 Adhesive firm (9)
11 Fred's large presentation of amour-propre? (4-6)
12 *State of a hut that is abandoned* (4)
14 A doctor in fast time is brilliant (7)
15 Chap leaves the fruit (7)
17 *Demanding degree in engine* work? (7)
19 Tommy retired? (7)
20 Bitter, perhaps, after year of university (4)
22 His *grandsire is released from* the tower! (4-6)
25 In high spirits? Give a bird a ring! (4-1-4)
26 Beside oneself without French *caper* (5)
27 All drink a little starter! (5)
28 Paint put on according to girl's mood? (9)

DOWN
1 Father of the chapel states central point (5)
2 Standard of French rifle-ammo has deteriorated (9)
3 Field rules, possibly, *of heraldic* ornament (5-2-3)
4 Edgy at Oxbridge, and cramped (7)
5 Chinese puzzle? – what puts *taste on butter?* (7)
6 He retires, clutching bill for every one (4)
7 Low tars in this, were dangerous to hearty types (1-4)
8 She's apt to go off, full-tilt (4-5)
13 Look forward to 26 at pie-cooking (10)
14 Does one need a crew in the Strand, say? (4-5)
16 Operating incorrectly as a butterfly (6-3)

Solution to Puzzle No.7,889



Solution and winners of Puzzle No.7,878



A.B. Beesley, Wolverhampton; F. Haigh, Ottawa, Canada; J.W. Longbone, Newcastle upon Tyne; J.A. Mackenzie, Rottingdean, East Sussex; C. Scott, Bath; Mrs R. Stonier, Emsworth, Hants.

Blood on their cheque books

***Dominic Lawson** asks why images of brutality are not considered pornographic*

LAST weekend I had someone killed for me. I didn't commission the killing but I have the uneasy feeling that a murder was carried out for my benefit.

If you read the Sunday Times magazine then you, too, have had someone butchered for your benefit. The cover of last week's issue showed a young Burmese in the first throes of death. His mouth is opened wide with terror as another Burmese plunges a knife into his chest. It is said to be the killing of a government collaborator by a member of the Karen National Liberation Army.

But this is not an incident of sudden violence snapped hastily by a photographer hiding out of sight. The man being butchered has had his arms tied to a tree. Somehow he has wrenched them round in a desperate effort to staunch the gush of blood as the blade slices through his chest cavity. The position of the killer is interesting. He is standing to the side of the victim as he thrusts and twists the knife. This means he cannot plunge the weapon in straight but it also means that he can give the photographer, one Bruce Haley, an unimpeded view of the execution.

Inside the magazine, "the executioner" – that is the only name given to him by the author of the blurb accompanying the pictures – is seen posing for the photographer, after carrying out his bespoke killing. Other pictures show the executioner punching his hog-tied victim in the face. The final picture in the series sees the executioner wiping his bloody blade over the all-but-eviscerated body of his victim.

In its way, this is the most revealing photograph of all. The man with the camera must have been standing almost over the murderer as he finished off the job, judging from the angle and focus of the snap.

I don't know whether the Sunday Times commissioned Bruce Haley to perform his part in this choreographed execution. The pictures are also attributed to an agency called "Colorific!" which perhaps had sold these gory and undeniably "colourific" prints to the highest bidder. Whatever the chain of events, a lot of people other than "the executioner" have blood on their cheque books.

It is a degrading process for all of them. And for all of us, the readers. For most men, I suspect, such pictures evoke disgust, first at the people responsible for showing them to us, but then, more awkwardly, at ourselves, because we are strangely compelled by the sight of acts of extreme violence and brutality.

Thus, the first question those of us who have never served in the forces tend to ask those who have tends to be: "Did you ever kill someone?" And if the answer is "yes," we then go on to demand all the gruesome details. That is why, I suppose, men like war films so much, although the Sunday Times pictures are to war films what snuff movies are to soft pornography.

If the Sunday Times had published pornographic pictures as shocking as those it printed of the staged execution and evisceration of a Burmese teenager, then it would have been prosecuted for actions "likely to deprave and corrupt." It is trite but true that in Britain the pornography of sex is deemed unfit for public display, whereas violence has become mandatory prime-time viewing.

The BBC has started a new series called "999" which, under the pretext of showing how the emergency services go about their work, offers us the gore to guarantee high ratings. In the first programme, I am told, there were featured a woman being filletted by a speed boat and a parachute instructor being strangled by his cord.

There is, however, a difference between what the BBC is broadcasting and what the Sunday Times published. The BBC is showing accidents. The Sunday Times is in the business of deliberate acts of horror.

As a newspaper it has taken the line, in the argument over Andrew Morton's book on royal marital difficulties, that by not preventing her friends from talking to the writer, the Princess of Wales has tacitly authorised their acts. In doing nothing to prevent the murder of a young man, is the Sunday Times's photographer tacitly authorising *that* act?

■ *Dominic Lawson is editor of the Spectator.*

The big scoop

Michael Thompson-Noel

I BEHAVED out of character last weekend. I went to the shops and bought myself a present, an Italian ice cream machine that, even as we speak, is churning out pail after pail of ice cream and sorbet (sherbet, to Americans) – flaming fudge sundae, chestnut parfait, old-fashioned strawberry, tutti-frutti. It cost £250, which is why its purchase was out of character for a simple soul like me.

To judge from readers' letters, there is a widely-held view that life, for me, is just a bowl of cherries. That nice things happen to me every day of the week. Exotic travel. Breakfast with Virginia Bottomley. Visits to racing stables. Tea with dowagers. Afternoon *roulette*. Outings to the theatre. The ear of Jacques Delors. Invitations to join the Committee to Elect Ross Perot.

But the fruits of the loom are not easily gained. If nice things happen to me, you can bet there is a reason for it. Nor is my sangfroid exactly what it seems. I am like a waterfowl: galleonesque above the surface, but paddling furiously underneath.

For most of the time I live quite quietly. I do not have a choice, for my life is circumscribed by the terrible scrutiny of my executive assistant, Miss Lee, a Jaeger-clad

HAWKS & HANDSAWS

Thatcherite with bee-stung lips and an elephant's memory who monitors my movements like a Cold War satellite. I am Miss Lee's thrall and bondman; she treats me like an insect. (There is a good American expression to cover this sort of thing, but as it is rudely tinted I had better not employ it).

I have very few possessions: a flat, a car and a television; two pairs of shoes and two-and-a-half-suits; some books and tennis balls; a porcelain Dalmatian (I used to have a real one, liver-spotted, who *lived to 13½* – my brain misses him enormously, refuses to accept his absence, still sees him on the street, or running across the common); a painting by John Bellany and a camellia in a tub.

To which I have now added an ice cream machine. Its purchase was an act of rebellion. Last Saturday, Miss Lee relaxed her satellite watch over my affairs for about 47 minutes, which enabled me to bus to Selfridges and, down in the basement, to purchase a Gaggia Gelatiera, a splendid machine, product of the space age, which, starting from scratch, can make perfect ice cream or sorbet in about 30 minutes.

What a week I have had. Bitter chocolate ice cream. Coconut ice cream. Zabaglione. Hazelnut and toasted almond ice cream. Prune sorbet. Papaya and mango sorbet. I have even learned how to translate American measurements into Imperial ones (my ice cream book is American), though it requires deftness and concentration. In a further act of defiance, I have bought ice cream glasses and spoons, and a beautiful silver scoop. As the ozone layer vanishes and the Earth heats up, I shall retreat deeper and deeper into my kitchen, into a world of peppermint snowballs and chocolate mousse topping.

The only sticky moment came when I offered Miss Lee a scoop of banana ice cream. She does not approve of my machine, mainly because it was bought without her authority. She prodded the offering suspiciously. "Michael, are you *sure* these were fresh bananas? Your banana purchasing is invariably erratic."

All this ice cream has had a soothing effect. I have not read the papers this week. They have been full of the usual squawking. Instead, I have turned (once again) to the *New Yorker* essays of E B White. In 1935, White penned a perfect little essay called "Technological Progress.' He was lamenting the loss of a lighthouse-keeper's job because of the invention of a gas buoy capable of winking a mechanical warning to shipping, thus putting the keeper and his family profoundly out of business.

"The empty lighthouse," wrote White, "seemed a symbol of all that is going on in the world: new devices putting men and their families out of work . . . Science, blessing us with gas buoys, is a hard master and perhaps an evil one, giving us steel for flesh, dole for wages, solving every problem except the essential one: what to do about the pride of a former lighthouse-keeper, who doesn't want relief, who wants bread earned by toil, seeing his light shine afar."

When Tina Brown telephones me tomorrow to ask how best to edit *The New Yorker*, I shall tell her to read a lot of E B White and consume great quantities of banana ice cream.

Private View/**Christian Tyler**

The past is a dangerous place

Czech dissident Jan Urban says countries, like people, need to convalesce

A DISSIDENT is a damaged human being, says Jan Urban. That is why the former Civic Forum leader did not stay around to pick up a plum job in the new regime but resigned on the day Czechoslovakia reverted to democracy.

Dissidence was a kind of profession. "It was extremely demanding and one-dimensional," he said. "You couldn't trust anybody. You had to live on strict rules and instincts. And I felt this was very unhealthy and I wanted to become normal again."

Countries, like individuals, need to convalesce after the trauma of revolution or war. Strange things happen: the streets are suddenly full of resistance fighters whom nobody remembers seeing before; the real dissidents find themselves accused of collaboration.

It had been the same in 1945. Urban talked to his Polish friends. "They laughed at me and said we had the same experience too. When I started to dig deeper I found out that all nations face this problem."

So Urban has been spending part of his convalescence at Emmanuel College, Cambridge, researching a book on how countries come to terms – or not – with their past.

I asked him why dissidents were unpopular, even after a evolution.

"Because we were different, because we were trouble-makers, because – as I found out – to be once a dissident you're dissident for the rest of your life.

"It's an addiction. You become irresponsible, you become so used to being independent that you give loyalty only when you want, on your terms. And I think this is well illustrated by failures of the dissident politicians in eastern Europe these days."

So former dissidents are not fit for government?

"Most of them take politics as a *substitute for the old fight; their* vision of the world is as a fight. I don't think they are suitable for normal politics. Let's put it this way: they are extremely good, or some are, in destroying things. But as a bricklayer I know well it's not the best qualification for building."

Jan Urban is a graduate of Prague University who qualified as a bricklayer at the age of 35 (he is now 41). He had been sacked from his teaching job nine years before for refusing to condemn the Charter 77 dissidents. He became a race-trace attendant, forklift truck driver, crane driver and building labourer and then wrote for the clandestine newspaper *Lidove Noviny*.

He does not exempt his dissident colleague Vaclav Havel, now seeking re-election as president of a dissolving country, from the charge of post-revolutionary failure; but he recognises Havel's "immense moral authority". Anyone who spends time in jail, he said, probably needs the same length of time in which to recuperate. Havel, who served five years, could not face a camera for six months after becoming president. The prisoners' rule is never meet your interrogator's eye.

Urban's recuperation means mending things with his wife Elena and daughters Theresa and Kamila.

Is your wife part of your rehabilitation?

"Oh, definitely, the most important part." He laughed. "Because, just to give you an example, she never knew where I was going because it was safer for both of us. I *had to make clear to* the other side (the state security police) that I could not be blackmailed through my family and that was tough. We had to learn to live together again as a family and not as a kind of supporting base for a one-man show."

The dissident becomes cut off from his fellow citizens and the outside world. "The first thing we have to do is just sit down and study, study to bridge this gap. And not to imagine, which I feel is a legacy of the Communist thinking, that politics can change everything by backstage manipulation and putting good people in right places. We have to work on society as a whole."

What makes a man an active dissident? Jan Urban was much influenced by the career of his father, Zdenek, a Communist who resisted the Nazis and rose to be a member of the party's Central Committee. A reformist, he was purged in 1968 after the Soviet tanks invaded, and was finally reduced to menial jobs. He died of a heart attack four years ago after a series of interrogations by the secret police.

"He always told me: 'In 1945 I exchanged my own conscience for the belief that some party knows better. And this is a moral fault. You have a good chance not to fall into the trap. And if you are ready to pay the price, just go on.'"

Now the son is following his own peacetime prescription, to study. His book deals with Germany, France, Japan, the Netherlands, Belgium, Britain and Czechoslovakia after World War II, with Portugal, Spain and Greece in the 1970s, with Argentina, Uruguay, Chile and Brazil in the 1980s, and with eastern Europe since 1989.

What he has found is that in nearly every case the past becomes a weapon in the hands of the new regime. History is distorted to legitimise the new leaders and to discredit their political opponents. The reality of life under dictatorship is obscured; so too are the reasons why the mass of the people are so ready – indeed willing – to co-operate. It can take decades for a country to face the truth about itself.

Urban thinks such behaviour is only human.

"I didn't have too many ideals about this: I didn't understand how easily most of my compatriots were subdued.

"But I understood that to be openly against an immoral regime in a situation which doesn't give hope for change is absurd, is ridiculous, for men or women who think about the good of their family, of their career, of those normal things.

"And I don't have a problem recognising human fear. I went through lots of it and I just was given the opportunity to learn to live with it – to manage and not to *collapse*.

"What I dislike are people who were afraid to do anything but now pretend that they were brave and ask for revenge. I don't mind people who recognise yes, they were afraid. I don't even ask them to feel ashamed. What I ask is that they don't tell lies."

Unlike, say, Lech Walesa in Poland, Jan Urban has never been accused of collaboration with the Communists. But it would not be difficult to dig something out of his file.

In the summer of 1989 he told his chief interrogator, privately, that he had been tipped off about an underground supply-line of small arms from France. Having first alerted the French and British embassies, he reported it not only because he suspected he was being framed, but also because the dissidents had pledged to have nothing to do with arms or drugs. "In this very criminal field I would co-operate with any police in the world."

The meeting took place in the street. "I told him the information. I said 'I won't sign any protocol, I won't mention it again. I don't know whether it is your provocation or not. In a sense I don't care'. And I went home.

"When I was given the chance to meet them in the pub instead of being taken away from my working place, of course I would go to pub."

So it was a life which had its own rules, like a game?

"Oh, definitely."

And did the other side enjoy it as a game?

"Oh, very much."

After the revolution, the records of all this activity lie about like unexploded mines. I asked Urban how they were to be detonated, how the past was to be disinfected.

His answer is for an independent commission to be set up by the incoming regime, composed of reputable lawyers, historians, journalists, people from international human rights agencies and former *apparatchiks* and policemen too.

Why do you include them?

"Because they were the people who wrote these documents, who know the techniques, the meaning it had at the time. They are in a sense the only people who can tell the meaning. Those files have to be understood as ordinary historical documents."

The commission should be given a fixed time to report. Then the files *should be sealed for 30 years*. The report should name those guilty of torture and murder and describe how the regime suppressed dissent. The worst criminals should be prosecuted. For the others, publicity was often punishment enough.

"When you talk to someone, as I did, who is nearly 80 and who has been tortured in 1949 or 1951, of course he needs to finish that story. When you ask what would you like done with that man who tortured you, he replies 'Well, he must be 80 too. What can you do to a senile old man. But I want to see his name public.'"

Czechoslovakia's "lustration" law, enacted last November, bans Communist sympathisers from public office for five years. The law was arbitrary – and a disaster, Urban said.

"I think that we repeated all the mistakes ever done before us and we added some of our own. Our performance in dealing with the past is very, very bad."

Slovak nationalists had seen the law as a way of tarring some of their leaders. An attempt just before last month's elections to incriminate without real proof Vladimir Meciar, Slovakia's prime minister, had backfired.

"So I think," said Jan Urban, "that poor handling of our past has helped to split up the country."

For the country and for the dissident it is the same: if the future is to work, the past must be given a decent burial.

A sporting innocent on his way to the Olympic Games

***Nicholas Woodsworth** has been in training for Barcelona*

I AM not a sports person.

I have not entered a locker room in good faith since 16-year-old, 6 ft 2 in Mick Shepherd, school tough-guy and offensive lineman, used to threaten me during pre-game kit-ups. "I'm going to beat the bejeesus out of you on the field," he would say. And he did, regularly. Wham. Crunch. Canadian high school football left me looking at competitive athletic activity in a less than kindly light.

Even today the back pages of the newspapers are foreign territory to me. Recently the strangest place I have been is a vast bar called Champions on the Riverwalk in San Antonio, Texas, where simultaneously, and to packed crowds of roaring fans, 16 TV screens show 16 different cable sports channels. Such places do not offer an entirely rational view of the world, and leave me anxious for its future.

This may not be the best background from which to gaze out on to the wide world of sport. None the less, after half-a-lifetime's sports avoidence I find myself about to enter the greatest sporting competition on earth.

There will be many large teams travelling to Barcelona later this month for the 1992 Olympics – the Games get more spectacular, the stakes higher, the competitors more numerous each time they come around. But no competition is going to be larger or more rigorous than that between the 15,000 journalists – more than one for every genuine athlete – who will cram themselves into each stadium, arena and bar in the city to dish up a two-week media extravaganza. Apart from the strength and stayinging power necessary, this leaves me concerned with my pre-game training.

How does one get in shape for such a monstrous contest – more than 160 national teams, 25 different sports, 41 sporting venues, 257 medal events, 400,000 excited observers, hundreds of dramas and stories daily? Jaded old sports hacks may sit back, chew cigars, and sprint across PC keyboards. But what about this reporter, a sports dolt who recently had his eight-year-old son correct him on the rules of checkers? If there were some journalistic version of steroids, a treatment that would pump me up into a George Plimpton overnight, I just might be tempted.

But no pain, no gain. In recent weeks I have been building myself up, making forays, some brief and tentative, others longer and more demanding, into what until now for me has been the uncharted and baffling world of sport.

I began with reading, piles of it from the local library. For want of any logical starting point, I began with the book at the top of the stack, a treatise on archery. The bow, I was told, ranks with fire and the wheel as vital developments on the road to what humans are today. We make sport of curious things.

In *A Cultural History of Sport* I learned that the original Olympian athletes competed oiled and naked. In *Lords of the Rings*, I found out that not everyone admires the International Olympic Committee – its authors have dug up every piece of dirt imaginable on the perverting of Olympic ideals, and now face angry IOC libel charges. In the *Underground Steroid Handbook* (not available from the local library) I learned how to cook up a batch of performance-enhancing GHB using nothing more than industrial solvent and caustic soda.

Feeling somewhat strengthened, I began to make training sorties across the English countryside to interview athletes. Why is it that most British Olympic athletes seem to live in northern cities? I met individuals – Olympians, trainers, and sports academics – who seemed as novel to me as creatures from another galaxy.

In Sheffield, I met race-walker Les Morton and for the first time saw in a participant's eyes the power of the Olympic magnet. "Ooh aye," he said slowly of race-walking in Seoul four years ago. "It were like a dream."

I watched wrestlers grapple on sweaty mats in Manchester and gymnasts tape and talcum their hands in Newport. I met a marathon runner in Bridgend who lives from the proceeds of two races a year. I saw a 51-kilo Chinese weightlifter snatch-lift 120 kilos over his head in Cardiff and break a world record. In Amersham a doctor for élite sportsmen explained to me why black athletes' bodies make them so formidable. In London's Drug Control Centre I learnt of a new generation of sports-drugs that have no legally acceptable test. In Birmingham I discussed women's pelvises with a physiologist.

There are not many things, in fact, that sport is not about. The wham and the crunch of it, the will to dominate, certainly make sport what it is. But so do politics, ethics, technology, big business, social history, drugs, entertainment, medicine, sex, philosophy, and journalism – just about everything else we grapple with every day. What makes sport so odd and intriguing is that in the stadium we deliberately arrange all these elements in competitive order for our entertainment.

Competition – winning or losing in front of the world – is what the Olympics are all about. Even non-football, non-checkers-playing journalists get fired up by it. Like Japanese archers, British sprinters, Kenyan runners and the vast global back-pack heading to Barcelona, I have got butterflies.